C42.8/2:E7

East Africa

A MARKET FOR U. S. PRODUCTS

in
KENYA
UGANDA
TANZANIA

A SUPPLEMENT TO

International Commerce

U.S. DEPARTMENT OF COMMERCE / Bureau of International Commerce

A SUPPLEMENT TO

International Commerce

. . . the weekly news magazine for world traders published by the Bureau of International Commerce and sold by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, and by Department of Commerce Field Offices for $16 a year.

A Market for U.S. Products in East Africa

A U. S. DEPARTMENT OF COMMERCE PUBLICATION

U.S. DEPARTMENT OF COMMERCE
John T. Connor
Secretary

Alexander B. Trowbridge
Assistant Secretary for Domestic
and International Business

BUREAU OF INTERNATIONAL COMMERCE
Lawrence A. Fox
Director

For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402
Price 65 cents

By

Barbara Huddleston

Regional Economist

Africa Division

Bureau of International Commerce

U.S. Department of Commerce

This report was prepared by Miss Huddleston, under the general direction of Bernard Blankenheimer, Director, Africa Division. It is based on information gathered from interviews conducted during a 4-week stay in the principal commercial cities of East Africa and material extracted from numerous official and unofficial publications and U.S. Embassy reports. Valuable assistance was rendered by various staff members of the Africa Division of the Bureau of International Commerce.

The manuscript benefited from the initial guidance and careful review of Embassy and Consular officers in each of the East African countries visited: in Kenya, Mr. Robert L. Ware, Jr., Commercial Officer, and Mr. Morris Dembo, Economic Officer; in Uganda, Mr. Thomas Colwell, Economic Officer, and Mr. Al Block, U.S. Agency of International Development, East Africa Regional Supply Advisor; in Tanzania, Mr. Francis T. McNamara, Economic Officer, and Mr. Thomas R. Pickering, American Consul (Zanzibar).

The Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C., completed the work necessary for publication.

FOREWORD

East Africa is a regional market with exciting export prospects for Americans, who are just beginning to explore its possibilities.

The three East African countries of Kenya, Uganda, and mainland Tanzania have maintained a common market since 1922 and still operate on a regional basis various public services established by the British during the period of their colonial rule. All three East African countries are growing, and both exports and imports have been rising steadily since 1960.

East African purchases overseas reached a total of $434 million in 1964. Kenya absorbed $215.5 million worth of goods; Uganda, $91.8 million; and Tanzania (excluding Zanzibar), $127.6 million. Although the market has been open to all countries since 1959, when sterling controls were removed, the U.K. remains East Africa's principal supplier, accounting for 32.1 percent of 1964 imports. The position of the U.K. in the market has been gradually declining, however, and prospects for U.S. export gains are excellent.

America ranks fourth among East Africa's principal suppliers even though the U.S. share of the market is still relatively small. The number of American firms represented in Nairobi, capital of Kenya and distributive center for East Africa, has more than doubled in the past year. This factor alone indicates that U.S. sales should increase significantly in the next few years.

This report analyzes general economic conditions in the region and discusses the effects of economic expansion on the markets for various specific products; it also points out factors of particular importance in developing effective sales techniques suited to the East African market.

The union of Tanganyika and Zanzibar to form Tanzania is of such recent date that many of the data in the report require separate treatment for each geographic area. However, an attempt has been made to integrate the presentation wherever possible. On points for which information is available for the Tanganyika portion only, references in the text are usually to mainland Tanzania.

LAWRENCE A. FOX
Director, Bureau of International Commerce

April 1966

CONTENTS

	Page
Foreword	iii
Chapters	
I. Growing Market	1
II. Consumer Market	5
III. Industrial Market	11
Economic Setting	11
Plans for Industrial Development	14
Uganda	15
Kenya	17
Tanzania	19
IV. Market by Product	25
Consumer Goods	25
Beverages, Foodstuffs, Tobacco	25
Household Goods	28
Pharmaceuticals and Medical Supplies	29
Recreational Supplies	30
Textiles, Clothing, and Footwear	30
Wood Products	32
Capital Goods and Power Supplies	33
Agricultural Equipment and Supplies	33
Building Materials and Services	36
Sources of Power	37
Specialized Industrial Machinery, Supplies, and Services	38
Transport Equipment	40
V. Marketing Practices	43
Sales Outlets	43
Government Procurement	47
Transport Facilities	47
Credit Practices	48
Advertising and Marketing	49
Hints for Selling	50
VI. Trade Regulations	52
Tariffs and Taxes	52
Import and Export Controls	52
Shipping Documents and Certifications	53

Chapters, continued

PAGE

Labeling, Marking, Packaging ... 53
Customs Procedures ... 54
Samples and Advertising Matter ... 54
U.S. Export Controls ... 54

Appendixes

A. Market Profile—East Africa (Kenya, Uganda, Tanzania) ... 55
B. East African Organizations Fostering Trade and Investment ... 56
C. American Firms, Subsidiaries, and Affiliates in East Africa ... 58
D. U.S. Marketing Aids ... 58
E. Notes for Businessmen ... 60
F. Bibliography ... 62

Tables

1. Trade Totals, Kenya, 1960-64 ... 64
2. Trade Totals, Uganda, 1960-64 ... 64
3. Trade Totals, Tanganyika, 1960-64 ... 65
4. Trade Totals, East Africa, 1960-64 ... 65
5. Trade Totals, Zanzibar, 1960-64 ... 65
6. East African Imports, by Principal Suppliers, 1962-64 ... 66
7. East African Exports, by Principal Buyers, 1962-64 ... 66
8. U.S. Share of East African Trade by Country, in Amount and Percent of Total, 1960-64 ... 67
9. East African Imports, by SITC Section and Principal Suppliers, 1962-64 ... 67
10. Estimated Population by Race and Territory, 1963 ... 68
11. African Employment by Industry, 1961 ... 68
12. Production of Principal Industries as Shown by 1964 Interterritorial Exports and Number of Productive Plants for Various Years ... 69
13. Gross Domestic Product, by Industrial Sector, 1960-64 ... 71
14. Gross Domestic Product, by Country, 1960-64 ... 71
15. East African Exports, by Commodities, 1962-64 ... 71
16. Gross Capital Formation, by Sector of Economy, 1957-63 ... 71
17. Gross Capital Formation, by Country, 1960-64 ... 72
18. External Aid Totals ... 72
19. Assistance Programs, U.S. Agency for International Development ... 73
20. Value of Net Imports by Product Category, Country Totals, 1964 ... 73
21. Production and Sale of Electricity, 1946, 1960, and 1964 ... 75
22. East African Railways and Harbors—Commercial Traffic Handled, 1960-64 ... 75
23. East African Airways Corporation—Commercial Traffic Handled, 1960-64 ... 75

Maps

Political Map of Eastern Africa ... vi
Population Distribution and Major Cities ... 4
Economic Resources ... 10
Production Centers: Kenya and Tanzania ... 22
Production Centers: Uganda ... 23
Transportation Network ... 42

Chart

What East Africa Buys—What the U.S. Sells East Africa, 1964 ... 9

Material for maps showing population distribution and major cities, economic resources, and production centers is taken from William A. Hance, *The Geography of Modern Africa*, New York, Columbia University Press, 1964, pp. 53, 405, 425, 426.

Photographs come from various sources, including the Farrell Lines and the Ministry of Information, Uganda Government.

Every effort was made to include the most current information available at the time this report went to press. The cutoff date for most material was October 1965, but important changes through January 1966 are also included.

Political Map
of
Eastern Africa
ARABIA
YEMEN
KAMARÁN
(U.K.)
PROTECTORATE OF
SOUTH ARABIA
SUDAN
FRENCH
SOMALILAND
CAPE GUARD
CENTRAL
AFRICAN
REPUBLIC
ETHIOPIA
Disputed
SOMALI
REPUBLIC
UGANDA
KENYA
DEMOCRATIC
REPUBLIC OF
THE CONGO
RWANDA
BURUNDI
PEMBA
TANZANIA
ZANZIBAR
MAFIA I.
ZAMBIA
MALAWI
MOZAMBIQUE
(Port.)
SOUTHERN RHODESIA
MALAGASY
REPUBLIC
BECHUANALAND
(U.K.)

CHAPTER *I*

Growing Market

The East African common market (composed of Kenya, Uganda, and mainland Tanzania) together with Zanzibar, offers many sales opportunities for American products. (See Appendix A for summary profile of the market). With a total population of 26 million and an estimated 3 to 5 million belonging to the relatively high income consumer classes, the size of the market alone is attractive. More importantly, however, East Africa is entering into a period of economic expansion which can only mean growing markets and new sales possibilities. With a per annum population growth rate of 2 to 3 percent and an economic growth rate ranging from 4 to 6 percent a year, both the size and the consumption capacity of the East African market are increasing rapidly.

Trade levels reflect the expansionary state of the East African economy. The total volume has been rising steadily for the past four years (see Tables 1 through 5); furthermore, East Africa's trading position is favorable, showing a surplus of $106.4 million for 1964. The exceptionally high price levels for principal exports during 1963 and 1964 and the relatively low level of investment in imported capital goods account for this situation, unusual among less-developed countries.

Although increased local production will probably moderate East African demand for certain imported consumer goods, overall import requirements are expected to grow as the economics develop and the level of capital investment rises. Export earnings may not increase at a rate fast enough to keep pace with import demand, and all three countries could face balance of payments deficits within a period of 2 to 5 years. However, the resources available in East Africa are believed sufficient to prevent the drain on foreign exchange reserves from seriously threatening economic stability and growth.

Economic growth means increased demand for capital goods and more cash spending by new African wage-earners. This is creating a situation of market flux in which new demands are arising and consumption patterns changing. Particularly important in this respect is the increasing emphasis on investment in producers' goods arising out of the accelerating drive toward economic self-sufficiency. The role of government as a primary purchaser of machinery and equipment is significant although not dominant; however, the desire of all three newly independent states to diversify trade relationships has expressed itself in public policies, and the entrenched position of traditional suppliers is no longer so firm, even in the influential private sector.

The level of American technology and the quality of U.S. equipment lines is highly respected among both public officials and private business circles; in a situation where buyers are seeking to break away from excessive dependence on long-established commercial relationships, the prospects for expansion of U.S. exports appear excellent. The greatest single obstacle is the often false notion held by many dealers that the U.S. is a high-cost supplier.

Changes in the pattern of East African trade are already becoming evident as the new states seek to assert their independence from colonial domination of the commercial sector. The United Kingdom has traditionally been the principal trading partner of East Africa; U.K. predominance in the market was reinforced during the post World War II period by rigid licensing and exchange controls against imports from non-sterling area countries. These restrictions were

STREET CORNER, NAIROBI, KENYA: In all the cities of East Africa, modern streets and buildings give evidence of the rapid advance and change in each country.

lifted in 1959, however, and since then the U.K.'s position in East African trade has gradually been declining while imports from EEC countries, particularly West Germany, from various bloc countries, and from Japan have been increasing (see Tables 6 and 7).

The prohibition on trade with South Africa and the recent restrictions imposed on imports from Japan until that country increases its purchases from East Africa have forced importers to look elsewhere for supplies of such goods as: coal, primary forms of iron and steel, tin plates and sheets, asbestos pipes, rubber manufactures, glass and glass products, paper and paper products, industrial machinery, machine tools, hardware, photographic equipment, radios, textiles and textile goods, and domestic hollow ware.

The overall outlook for increased U.S. trade with East Africa is quite favorable. U.S. markets were already absorbing 15 percent ($81 million) of the region's exports in 1964, whereas the U.S. share of the region's 1964 imports came to only 5.8 percent, or $25 million (see Table 8). A well-developed commercial community in East Africa means that buyers are familiar with commonly accepted business practices. Furthermore, the common administration of transportation services and customs collections by the East African Common Services Organization facilitates goods distribution throughout the region.

Although American products are finding increasing acceptance in East Africa, it must be remembered that this is still a keenly competitive buyer's market in which suppliers of similar product lines must be always alert to seize sales opportunities as they arise. Most of the larger foreign trading companies affiliated with European-headquartered firms are already handling more agencies than they can service adequately. As a consequence, they reserve their promotional efforts for a few product lines with which they are familiar and which are already known in the market; frequently a new American product is not aggressively promoted. Certainly a European agent will not give proper attention to an American line if he is already handling similar products; even if he takes on an agency which represents a new line of goods for him, he may very well be too heavily loaded to give it proper attention. If American representatives resident in East Africa work closely with local agents, however, European trading companies can often prove to be sound sales outlets, particularly for heavy equipment lines.

The larger responsible Asian export-import houses offer perhaps more possibilities to American exporters wishing to establish themselves in East Africa. The Asians' position in the region has been rather ambiguous since independence, but is becoming more secure; the larger firms, which often invest in various industrial projects and play a prominent role in the wholesale and retail trade, are now looking for ways in which to expand. An Asian agent must be carefully chosen, as there are many smaller businesses

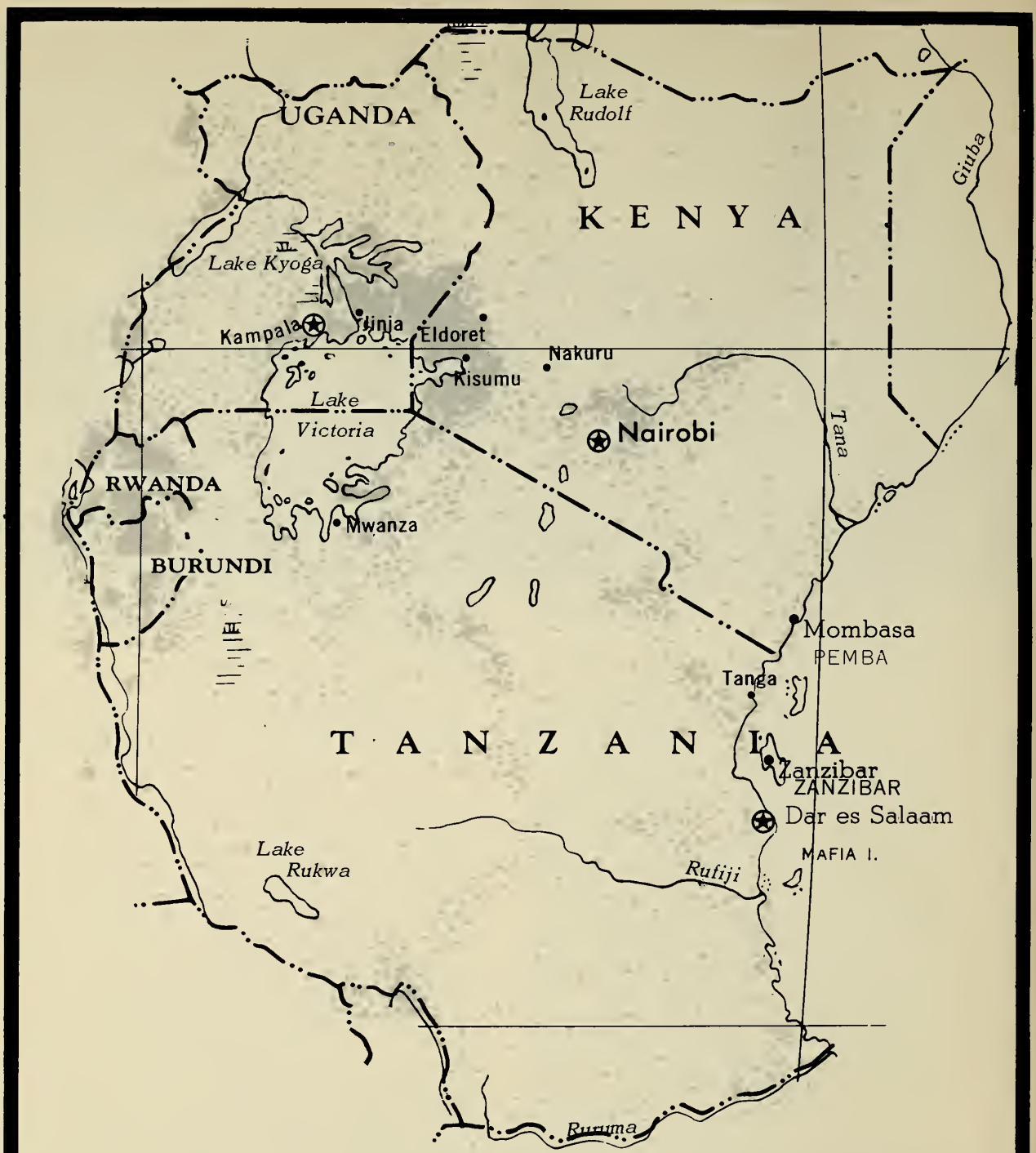
not suited to represent an American company on a country-wide basis; but if the financial standing of the prospective agent is verified and the terms of the agreement clearly worked out, Asians, many of whom possess considerable business expertise, could prove to be very good salesmen for U.S. products. Again, continuing contact between the American supplier and the local representative is extremely important if the sales effort is to be successful.

African businessmen do not yet play a significant role in the commercial sector, although a few are doing well. All three governments have adopted active programs to encourage African traders to import directly, and the producer and consumer cooperatives in each country may also develop into major purchasers of imported goods (see Appendix B for list of East African organizations fostering trade and investment).

Non-aid-financed government procurement is another facet of the East African market which could prove important for American exporters. Many of the imports needed for public sector programs are capital goods and equipment in which the U.S. is competitive; if government agencies begin to open tenders for international bidding as they hope to do, American exporters who are on their toes will have a good opportunity to enter the market.

Increased American interest in the East African market is already beginning to be evident. Since 1962 the number of U.S. firms with direct representation in Nairobi has grown from 20 to 50. Direct U.S. net investment is estimated at $57 million. The range of activities in which American firms in East Africa are engaged is wide (see Appendix C) and most local representatives feel that their share of the market is proportionate to their sales effort. Many have expansion plans that include additional investment and local assembly or manufacture contingent upon market requirements and local conditions.

As has already been indicated, the growing market will be primarily for producer rather than consumer goods in East Africa (see Table 9). Prospects for American sales of specialized industrial and technical machinery and equipment are particularly good. No product previously untested in the East African market should be written off without a trial, however, since the sales appeal of many items still unknown in this growing economy cannot be gauged except by direct contact and first-hand experience. The facilities of the U.S. Department of Commerce in Washington, its field offices throughout the United States, the Commercial Office in Nairobi, and the Embassies in all three countries (see Appendix D) are available to any American interested in exploring further the possibilities of the East African market.



Population Distribution and Major Cities

CHAPTER II

Consumer Market

The consumer market in East Africa, as in many other parts of the continent, consists of two or perhaps three distinct buying groups with differing consumption patterns: the European and Asian high income group, African and Asian middle income workers, and African wage earners (see Table 10). Shifts in the distribution of wealth among these three groups are already beginning to affect consumer expenditure patterns in East Africa. The entrance of wage-earning Africans into the market in increasing numbers means that the market need no longer remain the monopoly of established brands, since African buying patterns are not yet firmly established.

Although the total size of the consumer goods market has not yet begun to increase significantly, and will do so only gradually during coming years, this does not mean that the market is not ripe for the introduction of new lines and competing brands. In fact, the undeveloped potential for consumer goods sales in East Africa offers an excellent opportunity to American exporters to enter an opening wedge in the market before brand loyalties among new consuming classes are well-established. Competition is keen, particularly from West Germany, Japan, and Holland.

Price is of course the most important factor influencing the buying decision of East African consumers. Other factors such as product quality and salesmanship are also beginning to have a noticeable effect however.

Particularly promising consumer goods markets for American exports in East Africa include bourbon; cosmetics; electrical appliances; glass tableware; grains; luxury canned and processed foods; movie films and equipment; pharmaceuticals; plastic and synthetic curtains, drapes, and upholstery; shoes of medium price; sporting goods; television; used clothing; vinyl floor coverings; wooden furniture of simple construction.

By far the largest consuming sector in East Africa remains the high income-earning, largely non-African part of the population. In 1964 there were estimated to be 480,000 non-Africans resident in East Africa, earning an average of over $500 monthly. Although there was a sharp decline in numbers of Europeans in the period immediately before and after independence, and some uncertainty as to the future of the Asian population in the region, the rate of emigration has begun to level off and the size of the non-African population is not expected to decrease noticeably from now on. Major urban centers and their populations at the latest census (Kenya, 1962; Uganda, 1959; Tanganyika, 1957; Zanzibar, 1958) are as follows:

Nairobi, Kenya	266,795	Nakuru, Kenya	38,181
Mombasa, Kenya	179,575	Tanga, Tanzania	38,053
Dar-es-Salaam, Tanzania	128,742	Jinja, Uganda	29,741
Kampala, Uganda	46,735	Kisumu, Kenya	23,526
Zanzibar Town, Tanzania	42,217	Mwanza, Tanzania	19,877
		Eldoret, Kenya	19,605

Source: East African Statistical Department, EACSO, *Economic and Statistical Review No. 15*, June 1965, Nairobi, Kenya.

The purchasing pattern followed by European civil servants resident in East Africa was analyzed in 1947, and the weights developed at that time are still used to estimate expenditures of the high income class in all three countries. The breakdown by commodity group is as follows:

Food and drink	46
Household	12
Pharmaceutical products	3
Clothing and footwear	10
Wages of domestic servants	13
Transport	8
Amusements	3
Miscellaneous	5
Total	100

Source: Ministry of Planning and Community Development, Statistics Division, *1964 Statistical Abstract*, Uganda Government, Entebbe.

Consumer goods which find their primary market among high income consumers (European civil servants and businessmen, high level African government officials, and wealthy Asian merchants and industrialists) include: specialty foods, electrical appliances, sporting goods, photographic equipment, quality furniture, and automobiles. Patterns of consumption can be expected to remain fairly stable for this element of the buying public for some time to come.

Information about the African buying public is most well-developed in Kenya, where cash consumers constitute a far larger proportion of the population than in the other two territories (see Table 11 for figures on African employment). On the basis of two household budget surveys, one conducted in 1957-58 for Africans earning less than $50 per month and the other carried out in 1963 for African workers in Nairobi earning from $45 to $175 per month, a pattern of consumer expenditures for African wage earners in Kenya has been worked out. The relative weights of major groups of goods and services purchased by middle income workers and wage earners as determined by these two surveys is shown below:

	Middle income	*Wage earners*
Food	409	671
Beverages and tobacco	106	79
Clothing and footwear	120	79
Light and water	44	52
Furniture and utensils	62	....
Household operation	43	53
Personal care and health	37	19
Education	38	8
Recreation and entertainment	24	11
Transport and travel	98	26
Miscellaneous	20	3
Total	1,000	1,000

Source: Directorate of Planning, *Kenya Statistical Digest*, Vol. II, No. 4, December 1964, Nairobi.

As might be expected, food, clothing, beverages and tobacco expenditures absorb the greater part of the incomes of both consumer groups. It is evident, however, that as incomes increase, the share spent on food decreases and expenditures for beverages and tobacco, clothing and footwear, household furnishings, health, education, recreation, and transport increase. Demand for greater variety and better quality is characteristic of the middle income consumption pattern in every category of purchase. Average monthly expenditures by African middle-income consumers in Nairobi in 1963 were:

Expenditures	*Value*	*Percent of total*
Food	$29.04	30.9
Cereals and bread	6.73	
Meat and fish	5.46	
Milk and eggs	4.15	
Vegetables and fruit	3.38	
Oils and fats	1.90	
Confectionery	1.74	
Nonalcoholic beverages	1.16	
Miscellaneous	.54	
Meals taken out	3.96	
Alcoholic beverages and tobacco	6.60	7.0
Beer	4.62	
Spirits	.04	
Tobacco and snuff	.06	
Cigarettes	1.89	
Clothing	7.88	8.4
Men	4.41	
Women	1.33	
Children	.77	
Uniforms	.38	
Miscellaneous	.99	
Fuel and light and water	2.35	2.5
Paraffin	.57	
Charcoal	1.47	
Firewood	.03	
Gas	.10	
Electricity	.24	
Rates and water	1.04	1.1
Furniture and utensils	4.68	5.0
Soft furnishings (blankets, sheets and pillow cases, curtains, carpets, etc.)	1.82	
Hard furnishings (beds, tables, chairs, sewing machines, stoves, musical instruments, boxes, etc.), and utensils (crockery, cutlery, glassware, cooking utensils)	2.86	
Household operation	2.91	2.9
Laundry, cleaning and shoe repairs	.81	
Servants wages	.67	
Miscellaneous	1.30	
Medical and personal health	2.45	2.6
Education and recreation	2.64	2.8
Transport equipment	4.11	4.4
Travel	5.52	5.9
Building materials	1.00	1.1

CONSUMER GOODS OUTLET: Up-to-date stores like these serve East Africa's growing middle class.

TYPING CLASSROOM: Professional training schools prepare East African students to move into middle level jobs in business and government.

Expenditures	*Value*	*Percent of total*
Housing (net rent)	6.29	6.7
Taxes	1.14	1.2
Insurance	4.91	5.2
Remittances	9.28	9.9
Miscellaneous	2.29	2.4
Total[1]	$93.99	100.0

[1] Totals may not add exactly due to rounding.
Source: Directorate of Planning, Ministry of Finance and Economic Planning, Government of Kenya, *The Pattern of Income, Expenditure and Consumption of African Middle-Income Workers in Nairobi, July 1963.* July 1964.

Of the total African population in Kenya, which was estimated to be 8.8 million in 1964 and is believed to be growing at the rate of 3 percent per year, 536,400 were reportedly employed wage earners. Assuming average household size of a Kenya wage earner to range from 4 to 7 persons, up to 38 percent of the African population can be considered to belong to the money economy. Of these, the ratio of low to middle income consumers is around five to one. Total wages paid to employed workers of all classes are estimated to have risen from $223 million to $257 million between 1959 and 1963, despite the decreasing size of the European population and despite lower rates of employment during the temporary recession at the time of independence.

In Kenya an observable shift from the European to the middle income African consumer has taken place in consumer goods sales, according to Nairobi shopkeepers. This trend can be expected to continue as wage earners receive higher percentages of rising gross domestic product, and their numbers increase with the proliferation of industrial expansion projects. The incentive to raise the living standard is high, and, particularly in urban areas, many Africans will study and work hard in order to capture the better jobs and the higher salaries.

As consumers, wage-earning Africans are very quality conscious and as soon as they can afford it, they will pay slightly higher prices for a shirt which keeps its freshness, for a stylish shoe, for an attractively-packaged item of food, for a popular phonograph record, or for luxury cosmetics. The men are a more important market than the women, since they are the primary earners and spenders of income in excess of that needed to meet essential household expenses. For these Africans status is as important as comfort or pleasure in determining what priorities they will follow in spending extra cash. Hence the popularity of a brand or the general acceptance of a product line will be an extremely important factor affecting sales. Nevertheless, price rather than quality is still the principal competitive

OPEN AIR MARKET: East Africans of the low-income classes still buy most of their goods from open-air markets.

factor governing the markets for basic foodstuffs, clothing, small household wares, furniture, and appliances among African consumers.

The level of sophistication among consumers in Uganda and Tanzania is not as advanced as in Kenya, nor the market as large. No distinction is made between low and middle income African workers and a much higher percentage of the total consumer market is occupied by non-Africans. In Uganda, out of an estimated African population of 7 million in 1963, 208,350 were reported to be employed wage earners. Less than 10 percent received an income of more than $50 per month; total cash wages received by African workers amounted to $56 million. In mainland Tanzania, in 1964, 309,057 Africans out of an estimated 10 million were earning wages averaging $24 a month.

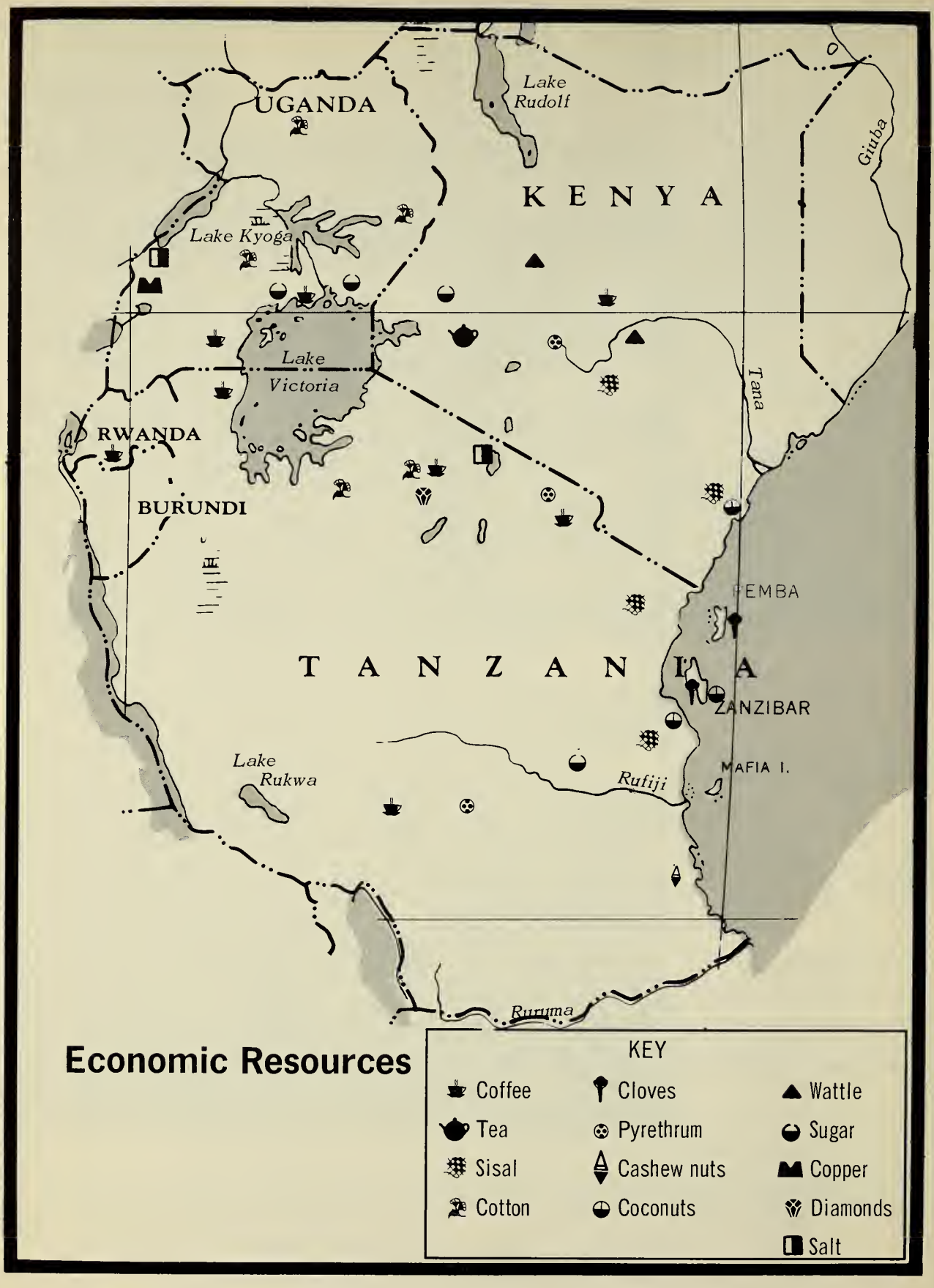
The purchasing power of the African wage earner in Uganda and in Tanzania is obviously much lower than that of his counterpart in Kenya. On the basis of an expenditure study of unskilled African workers in Kampala, the following relative weights were assigned to primary groups of consumer goods: food, 70; drink and tobacco, 15; fuel and soap, 3; clothing, 10; and household goods, 2. (See *1964 Statistical Abstract*, Uganda). Popular goods in the African market include matoke, maize meal, meat, groundnuts, sugar, fish, sweet potatoes, beans, cassava, green vegetables, bread, tea, salt, cooking oil, matoke beer, cigarettes, tobacco, charcoal, paraffin, yellow soap, khaki shorts, khaki shirts, cotton shirts, cotton undershirts, dress material, rubber tire sandals, sheeting, blankets, enamel plates and mugs, spoons, aluminum pots and pans, kerosene lamps.

Variety store items in which an interest has been expressed by distributors for Asian and African retailers in native markets include: plastic soap boxes, sewing thread, plastic sewing thimbles, tape measures, Singer sewing machine needles, white metal spoons and forks, rubber balloons, assorted toys, ballpoint pens, plastic cups and glasses, plastic rulers, plastic toy guns, alarm clocks, cotton towels, plastic wallets, toothbrushes, key chains, cigarette holders, plastic toy whistles. Although the total value of this demand is not high, there is a ready and continuing market among low-income African consumers in all three countries for small items of this kind. It should not be overlooked by American exporters.

What East Africa Buys - What the U.S. Sells East Africa, 1964

1. Mainly consists of parcel post entries which are not classified by country of origin.

Source: East African Customs and Excise, EACSO, Annual Trade Report of Tanganyika, Uganda, and Kenya, 1964, Mombasa, Kenya


UGANDA
Lake Rudolf
KENYA
Giuba
Lake Kyoga
Lake Victoria
Tana
RWANDA
BURUNDI
PEMBA
TANZANIA
ZANZIBAR
MAFIA I.
Lake Rukwa
Rufiji
Ruruma
Economic Resources
KEY
Coffee
Tea
Sisal
Cotton
Cloves
Pyrethrum
Cashew nuts
Coconuts
Wattle
Sugar
Copper
Diamonds
Salt

CHAPTER III

Industrial Market

ECONOMIC SETTING

East Africa is an area roughly one-fifth the size of the United States with a total population of over 26 million. It is comprised of three countries—Kenya, Uganda, and Tanzania—each with a distinct social tradition, political structure, and economic pattern. Each country exercises complete sovereignty over domestic and foreign affairs, and the dream of political federation, once held by many East African leaders, has nearly faded from sight. At the same time, the independent exercise of political freedom by the three states has not prevented their continuing to cooperate in administering various public services and facilitating inter-territorial trade and regional economic development.

Although each country legislates its own trade regulations, the de facto common market which the former British administration established has thus far been retained by the leaders of the new governments. An attempt is being made to give each country increased flexibility in planning and achieving its own economic development without losing the advantages of the regional market arrangement.

With the exception of Zanzibar, duties are not imposed on inter-territorial trade, and quota restrictions are limited to those goods which each country intends to produce in sufficient quantity to satisfy its own local demand.

Because the principal centers of industrial development have been in Kenya, however, the principal flow of inter-territorial trade has been from Kenya to the other two countries (see Table 12). This has caused Tanzania to impose licensing restrictions on imports of most items produced in Kenya and Uganda in an attempt to stimulate domestic industry, and Kenyan producers expect to suffer considerable loss in the short run as a result of this readjustment in production patterns within the region. However, imported goods still move freely across borders, and it is hoped that after the initial readjustment is made, the region can move in the direction of more coordinated development planning so that each country can share in the benefits accruing from the establishment of new industries serving the entire common market.

The East African Common Services Organization is an important adjunct of regional cooperation. Its administrative branches supervise railways and harbors, civil aviation, post and telecommunications, tax and customs collections, industrial licensing, scientific research services, and statistical publications. Internal and international air services are also provided by an efficient, commercially owned company, East African Airways Corporation.

An East African Common Currency Board has served as a bank of issue for the East African shilling, pegged to sterling at a rate of 20 shillings (sh) = 1£ or U.S. $2.80. All foreign exchange reserves have been held by the Board on behalf of the three governments, and the rate of local currency issue has been tied to the sterling balances on hand. With the failure of the three countries to reach agreement about a federal form of government, the problem of establishing some kind of central bank became more acute. Tanzania subsequently decided to establish its own currency and bank of issue, and Uganda and Kenya followed suit. This decision was announced by all three governments June 10, 1965, and negotiations are underway to divide the reserves now held by the Board among the three banks to be established. The

EACSO HEADQUARTERS, NAIROBI: Administrative staffs located here serve the various branches of the East African Common Services Organization.

three countries have given themselves until mid-1966 to conclude the arrangements.

Although all three governments have expressed their desire to maintain the new currencies at par with each other and with sterling, fluctuations in exchange rates are expected during the period of transition following the actual break-up, and banks and trading firms which have held their cash balances in one country anticipate having to establish three separate accounts, one in each new currency. In anticipation of possible outward movements of capital following the announcements of separate currencies, all three governments simultaneously announced the imposition of controls on the exchange of the East African shilling for other sterling area currencies with which it had previously been freely convertible. Exchange controls, which are already in effect vis-a-vis non-sterling areas, regulate the administration of currency exchanges but do not presently have any restrictive effect on convertibility. These developments will cause additional administrative expense for both public and private sectors, and can be expected to have a dampening effect on intraregional trade. However, this will have no effect on imported goods passing from one country to another in transit.

Economically, East Africa appears to be on the verge of an expansionary period which should offer new opportunities to both exporters and investors. The transition from colonial status to independence, which came for Tanganyika December 9, 1961, for Uganda October 9, 1962, for Zanzibar December 9, 1963, and for Kenya December 12, 1963, has been accomplished smoothly, and the April 26, 1964 union of Tanganyika and Zanzibar, now Tanzania, has survived its infancy. After a period of stagnation brought on by the uncertainty surrounding the political changes, most indications point toward a revival of capital investment in East Africa, rising export earnings, and a growing consumer class.

Since 1961, gross domestic product (GDP) has been rising steadily at high rates (see Tables 13 and 14). In monetary terms, GDP rose by 7.2 percent in Kenya, 13.4 percent in Uganda, and 5.2 percent in Tanzania in 1964. Rising prices for major agricultural exports such as coffee, sisal, and cashew nuts accounted for part of this growth. Real production levels have also been rising in several parts of the agricultural sector, however, reflecting the initial success of East African efforts to diversify the primary commodity base of their economies (see Table 15). Output of coffee, tea, cotton, wheat, rice, and cashew nuts increased substantially; efforts are also being made to expand production of tobacco, sugar, sisal, and livestock by all three countries, and in addition, Kenya is devoting considerable attention to encouraging mixed farm production of maize, meat, cotton, dairy products, pyrethrum, and fruits and vegetables. Mixed farm production has been declining as agricultural lands have been transferred from European settlers to African farmers.

The opening of a new oil refinery in Kenya spurred the growth of the industrial sector; several smaller industries also came into production or were about to commence production by the end of 1964. Among

them were plants for the manufacture of soaps and detergents, pharmaceuticals, crown corks, and motor vehicle batteries in Kenya; factories producing agricultural hand-tools (primarily hoes), synthetic fiber fishnets, plastic shoes, soluble tea, and bicycle tires and tubes in Uganda; and facilities for making twine and aluminum sheet in Tanzania. Work is underway or will soon commence on several other major investment projects including an oil refinery and a cashew-nut processing plant in Tanzania, a bicycle factory and a vanilla plant in Uganda, and in Kenya a hydro-electric project and a pineapple processing complex. Stimulated by this new private sector interest in local investment as well as by increased public sector demand, construction industry activity, which has been stagnant for some time, is expected to increase. Signs of this were already becoming evident by mid-1965.

Mineral production contributed to 1964's growth as a result of increased output and higher prices for Uganda's copper and the commencement of a new diamond extraction program in Tanzania; this sector is still a relatively small contributor to the total economy's product, however. Tourism, an important potential source of foreign exchange, has been increasing steadily and an estimated 85,260 visitors spent over $33 million in East Africa in 1964.

The growth which has been taking place in various sectors of the East African economies reflects an upturn in the level of gross capital formation which had been declining until recently (see Tables 16 and 17). This growth is all the more remarkable since the availability of commercial credit is limited, due to the fact that banks are fully lent and deposits are not growing fast enough to permit expansion: further-

MAJOR EAST AFRICAN CROP EXPORTS: Coffee (above); cotton (top right); and sisal (bottom right).

more, foreign assistance programs are only just beginning to have a major impact on economic growth. Apparently some of the capital reserves which had been held back by the private sector during and immediately after independence are now being released for new investment; if this trend continues, the prospects are good for maintaining a healthy balance between public and private sector investment as the development process in East Africa moves forward.

PLANS FOR INDUSTRIAL DEVELOPMENT

Development plans are one of the best gauges of the likely direction of industrial and agricultural expansion in many less developed countries; consequently they are important for both exporters and investors as indicators of the potential demand for capital equipment and investment finance. Planning in East Africa has been quite thorough, and in most respects the three governments have laid careful groundwork for a major investment push in the next few years. Because the primary market for U.S. sales in East Africa is likely to be an outgrowth of the drive for economic expansion, there follows a fairly detailed analysis of the directions development is likely to take, the levels of expenditure it is likely to call forth, and the channels through which capital goods and services are likely to be purchased.

Planning in East Africa has been undertaken by each of the three national governments individually, with a separate plan for Zanzibar. Uganda's first Five-Year Plan began July 1, 1961 and runs to June 30, 1966; preparation of the second Five-Year Plan is well along. Tanganyika has embarked upon a Five-Year Plan running from July 1, 1964 to June 30, 1969, and planning work which had been done separately for Zanzibar is being examined for eventual incorporation into an integrated Tanzania Plan. Kenya's first comprehensive Development Plan runs from July 1, 1964 to June 30, 1970.

Although the three plans differ in analytical method and style of presentation, all share in common two basic approaches to development planning. The first is to set forth in general terms goals and targets in economic and social spheres which the country as a whole will try to achieve by the end of the plan period; the second is to outline in some detail those projects for which the government will take financial and/or supervisory responsibility.

The overall objective in each case is to achieve a rate of economic growth which will outpace the rate of population increase sufficiently to secure a 3 percent annual rise in per capita income and afford Africans a proportionate share of each country's wealth. All three plans set forth similar general aims which, if fulfilled, would mean attainment of the main goal. These include: increasing production by raising productivity levels in the agricultural sector; developing import substitution industries; promoting the tourist trade; fully exploiting power resources and creating more adequate transport links; developing manpower by improving health, nutrition, housing and education standards; diversifying trade patterns; and exploring as yet untapped resource potentials.

NURSE FEEDS CHILD WEANING DIET: Food offered is traditional matoke (banana mash) with protein supplements, developed as part of a health education program in Uganda.

Estimates have been made of total capital expenditure required from both private and public sectors during the respective plan periods to achieve established targets. Direct public investment is easier to plan for, and constitutes a relatively large proportion of overall requirements in all three countries. Major expenditures will be made for social overhead development which contributes indirectly to productive capacity, and for improvements in the agricultural sector. Some allocations have been set aside in each country for institutions created to participate in varying degrees with the private sector in deciding upon and implementing new investment projects.

A heavy burden also falls on the private sector, however. Each government has established policies and passed laws which serve both to protect the interests of local and foreign investors and to assure that new investment will be in line with overall development objectives. Estimates as to desired levels of capital formation during each plan period have been made,

but since there has been no steady flow of private investment into East Africa during recent years, these estimates are quite rough. The private sector is expected to keep in touch with the appropriate government ministry in each country so that planners can make readjustments as the development pattern evolves.

Within the framework of this general approach to economic development, which all three East African countries have adopted, there are many individual variations arising naturally out of differences in geography, historical tradition, and previous investment levels.

Uganda

The Uganda development program is perhaps the most succinct and its objectives most clearly envisioned of the three. Its general policy toward capital investment is simply stated: "Uganda has a mixed economy, in which the State, the State corporation and boards, and private enterprise all play their parts." *(The First Five-Year Development Plan*, 1961/62-1965/66, published by authority of the Uganda Government, June 1963, p. 64). Of a total capital investment of over $252 million envisaged for the plan period, some $62 million is expected to come from private enterprise. The Uganda planners surveyed business trends in 1961, and the projections for private investment in agricultural production and processing, food, drink, and tobacco manufacture, other manufacture, building and contracting, wholesale and retail trade, road transport, and services are based on the results of this survey.

The work of the Uganda Development Corporation-UDC, a commercial holding company wholly owned by the Government, is closely related to private sector development. The UDC helps to form and continues to hold shares in companies whose products or services the Government either considers particularly important for the country's overall development or believes to be unattractive to the private sector without Government participation. The UDC participation may be either a controlling interest or a minority shareholding, depending on the nature of the industry and the amount of private capital available. Estimated UDC expenditure during the first plan period to support expansion projects of existing companies and back new firms will come close to $42 million; the private sector is expected to contribute an additional $9 million to UDC projects through share participations.

Several of the more important new productive investment undertakings in Uganda to date have been UDC projects. However, the relatively stable political atmosphere and healthy economic situation have encouraged private investors to begin now to

COPPER BLISTER SLABS from Uganda's Kilembe Mine, ready for shipment. Copper and diamonds are East Africa's only mineral exports.

consider expanding existing businesses and branching out into new lines. Significant projects of recent date have included a steel-rolling mill with Italian participation, a shirt factory with Japanese know-how, bicycle assembly by a British firm, hotel construction by British interests, a cassava starch extraction plant operated by Germans, expansion of a Kenya bag-making firm, and meat processing and leather tanning proposals from the Yugoslavs.

Plant and equipment purchases by either UDC subsidiaries or private entrepreneurs are frequently supplied through foreign firms which participate in the given project, either by management contract or licensing agreement or by direct share participation. In some cases tied foreign assistance controls the origin of capital goods imports needed for industrial development projects. American investment activity in Uganda has been negligible, a factor which has contributed to the limited volume of American sales to date.

In certain instances where Uganda investors have shown a definite preference for the quality of American equipment, difficulties in bringing negotiations to a conclusion have discouraged them from continuing to turn to the United States as a source of supply. These difficulties arise principally from the long delays often characteristic of the corporate decision-making process, and from the inability of American firms—for a variety of reasons—to be flexible about extending credit, even to established businessmen. For example, a recent contract for the purchase of tractors and eventual participation in an assembly plant offered by a major agricultural and industrial producer in Uganda, under consideration for nine months by an American firm, was finally lost to a German competitor who moved in and closed the deal in 6 weeks at more favorable terms.

AFRICAN ELEPHANT: The game parks in East Africa are one of the outstanding attractions the three countries offer in their drive to develop tourism.

Project ideas now under consideration by both government and private industry which American companies might find of interest include: dehydrated food products, agricultural chemicals, animal feeds, nitrogenous fertilizers, surgical dressings, industrial ceramics, plastic products, metal containers, aluminum and stainless steel hollow ware, cutlery, razor blades, brushes, motor vehicle parts, electrical fixtures, dry cell batteries, hand tools and agricultural implements, builders' hardware, and agricultural machinery assembly. Uganda has passed a Foreign Investments Protection Act which provides for protection against expropriation without due compensation and repatriation of earnings for any approved enterprise, and has signed an Investment Guarantee agreement with the United States.

The priorities for public investment to be undertaken by the Central Government incorporated in the Uganda Development Plan have been assigned in the following manner:

	Investment	
	$ Million	*Percent of total*
Commodity producing, commerce, tourism	71.06	37.4
Basic economic overheads	41.61	21.9
Social services	30.78	16.2
Defense, law, and order	12.16	6.4
Administration and miscellaneous	8.36	4.4
Kingdom government and local authority services	20.71	10.9
Reserve	5.32	2.8
Total	190.00	100.0

Source: *Develpoment Plan*, page 73.

Capital finance required to meet estimated Central Government expenditures alone amounts to around $109 million for the first 5-Year Plan period; at midpoint slightly less than half was firmly committed and another $25 million was thought to be in sight. Principal external sources of finance to date have been the United Kingdom, West Germany, the United States, and UN agencies, with contributions for the five-year period expected to total around $45 million. Other assistance is available in small amounts from such countries as Israel, India, South Korea, and Norway (see Table 18).

Projects in which assistance from the United States (see Table 19) is an important component include a land clearing equipment loan, district farm institutes, an agricultural cooperative training institute, a sugar project, a ranching scheme, a veterinary diagnostic laboratory, a teacher training school, an institute of public administration, police housing construction, industrial feasibility studies, an equipment loan for the use of UDC subsidiaries, the supplying of a national youth program, airport improvements, a rural water development project, and low-cost housing as-

PERMANENT BOOTHS AT NAIROBI'S FAIRGROUNDS: Nairobi's annual trade show exhibits sophisticated consumer and indnstrial goods.

sistance. Where foreign assistance is not a major component of import finance for Government projects, Government policy is to "rely to a greater or lesser degree on contractors for the implementation of building and constructional works and follow competitive tendering procedures similar to those followed by the Government." (*Plan*, p. 20). For details on procurement procedures, see Chapter 5.

Kenya

The industrial sector had already achieved a much higher degree of development in Kenya during the colonial period than in either of the other two East African territories. By the year of independence, 1963, manufacturing contributed 10 percent to national GDP, as contrasted with 7 percent in Uganda and 5 percent in Tanganyika. Also, because of Nairobi's commercial importance, the larger part of the East African business community is to be found in Kenya. As a consequence of these two factors, the resources which the private sector is capable of plowing back into the economy could make a much more significant contribution to Kenyan development than elsewhere where the starting base is smaller.

The Kenya Development Plan and the attitudes of Government institutions designated to implement various aspects of it reflect this situation. The chapter on the role of private investment opens by saying: "Recognizing that a vigorous and healthy private sector will play a major role in promoting Kenya's economic growth, the Government offers private industry safeguards and cooperation to stimulate its rapid expansion." (*Development Plan* 1964-1970. Government of Kenya, 1964, p. 37). It is hoped that gross private investment during the plan period will reach a level of $98 million annually while public sector capital formation is expected to run around $56 million a year. Property protection guarantees, tax inducements, and infant industry protection are assured by the Foreign Investments Protection Act to all investment projects which have secured government approval, and Kenya has signed an Investment Guarantee Agreement with the United States.

New investment projects are generated in several different ways. Private enterpreneurs may develop their own expansion plans and seek their own foreign partners if they wish them. Local banks and financing firms are in general quite well-informed about the expansion plans of local industrialists. The Ministry of Commerce and Industry has developed a list of industries which it believes to have excellent prospects in Kenya and would entertain project proposals from foreign firms in any of these lines or in others of equal merit. The Government list includes food processing; timber processing; textile production; agricultural machinery assembly; chemicals, plastics, and pharmaceuticals manufacture; light metals industries; and building and construction projects.

It is generally accepted that industries open to immediate development will have marginal markets for the present; within a five- or six-year period, however, it is presumed that market growth will justify expansion of local production along the lines suggested above. One ranking of industries open to possible development in Kenya, prepared on the basis of feasibility information readily available, includes the following projects listed in order of estimated economic viability:

- Food processing
- Industrial alcohol and potable sugar spirit
- Oil expressing
- Sisal/gypsum plaster board
- Earthenware ceramics
- Food colorings
- Wooled sheepskins and allied products
- Garments—men's suits, jackets and trousers: women's dresses, skirts, blouses and underwear: men's and women's knitwear
- Confectionery
- Paper
- Pencils
- Iron and non-ferrous castings
- Synthetic textiles (excluding rayon) and cotton canvas
- Woolen blankets and knitting yarn
- Handtools—pangas
- Fillers for paints and insecticides
- Abrasives for scourers
- Rulers
- Cotton textiles, toweling and similar products
- Hardboard timber
- Yeast
- Enamelware road signs, advertising signs, etc.
- Agricultural trailers
- Stationery glues and adhesives
- Dustbins, watering cans and spray equipment of plastic
- Suitcases

MOTOR VEHICLE ASSEMBLY PLANT, NAIROBI: Many small individually owned enterprises operate in East Africa. The one shown here is located in the older, well-established industrial section of Nairobi.

- Builders' hardware
- Breakfast cereals
- Sulfuric acid
- Asbestos cement products
- Dry cell batteries
- Domestic fittings, i.e., thermoplastic compression moldings
- Garments—men's and children's socks
- Gas components for domestic gas burners, cookers, etc.
- Screwdrivers
- P.V.C. gutters, downpipes and electrical conduits of plastic
- Razor blades
- Zip fasteners
- Simple draw-bar tools
- Caustic soda
- Glassware
- Starch
- Pins and paper clips
- Tractor-mounted disc ploughs and harrows; grass-cutting machines
- Aluminum, brass and stainless steel hollow ware for canteens, hotels, hospitals, and dairy industry; pressure lamps and builders' blowlamps
- Moulded pipe lagging
- Glazed drainage pipes, including telephone conduits
- Plastic bottles for pharmaceuticals and toiletries
- Pumps
- Exercise and notebooks

Another avenue of approach is the Development Finance Corporation of Kenya, a lending institution in which Kenya, West Germany, and Great Britian each retain one-third ownership. The DFCK will consider and advise on project proposals submitted to it either by private firms or by government. Export-earning, basic industry projects—agriculture or tourism for example—are the DFCK's primary concern; feasibility work must already have been done and the project shown to be economic, i.e., 20 percent

profit before taxes, before it will be considered for financing. A Government-owned institution, the Industrial and Commercial Development Corporation, is interested in proposals for small-scale industrial projects in which African enterpreneurs might participate directly; the ICDC lends to African businessmen and follows through with advice and assistance to recipients.

As in Uganda, if foreign partners supply the exchange component for equipment purchases, their choices will govern the selection of imported capital goods. There is a substantial amount of independent importation by local enterpreneurs, however, and their reluctance to buy in the United States is as much a matter of lack of familiarity with product lines and business practices as anything else. The few American equipment and machinery firms who have invested in permanent East African sales representatives headquartered in Nairobi, and allowed a sufficiently long lead time (two to five years) for these men to begin to show a profit, are beginning to find major contracts opening up for them once their lines become known among other potential buyers, they should do extremely well.

Public sector development spending by the Kenya Government during the next six years will be concentrated on the development of the agricultural sector with special emphasis on expansion and diversification projects which will increase export earnings, and on infrastructure creation. A breakdown of public expenditure to be made by government and government-affiliated institutions during the six years of the plan period is as follows:

CONSTRUCTION: Skilled construction workers like the mason at left build modern dwellings of the type shown at right—an apartment building in a Nairobi suburb.

	Expenditure $ Million	Percent
Agriculture	77.4	20.9
Lands	44.1	11.9
Natural resources	26.0	7.0
Commerce and industry	14.3	3.9
Tourism	2.7	.7
Basic services	152.1	41.0
Social services	46.3	12.5
Security and defense	7.8	2.1
Total	370.7	100.0

Source: *Plan*, pp. 121-122.

Of the total planned Government expenditure during the first three years of the plan period, $10.6 million is available or expected to be available locally; the remaining $123.6 million must be covered from external resources. Commitments or prospects of commitments from the United Kingdom, the Commonwealth, West Germany, the United States, the USSR, mainland China, the IBRD, IDA, and UN Special Fund, and miscellaneous other sources come within $13 million of reaching this goal and it is hoped that other external aid will be forthcoming to cover this gap. Projects in which U.S. aid funds entail commercial procurement include police force development, consultant assistance in the areas of commercial and industrial development, highway improvement, equipment loans for agricultural cooperatives and for forestry and soil conservation departments, and construction of livestock industry facilities.

For details on procurement procedures, see Chapter 5.

Tanzania

By contrast with the other two, the Tanganyika plan prepared for mainland Tanzania is a comprehensive work which attempts to "cover all aspects of national life." Principal objectives to be achieved through the cooperative effort of all sectors of the society under the coordination of the Ministry of Economic Affairs and Development Planning are: improvement of agricultural output through extension service programs and assistance to village settlement schemes; development of import substitution industries through massive investment; expansion and diversification of commercial activity by direct Government

DAR ES SALAAM HARBOR, TANZANIA: Tanzania's modern port facilities contribute to her capacity for growth.

participation and assistance to trading cooperatives; expansion of secondary school and technical facilities so that self-sufficiency in skilled manpower can be achieved by 1980.

These objectives are to be achieved through close cooperation of public and private sectors. Expenditure levels over the next five years have been set at $688.8 million. Although the Tanzanian Government will utilize its own resources as much as possible, it is looking toward foreign governments and international lending agencies for some $224 million and hopes to attract $325 million from private investors, both at home and abroad. In the agricultural sector alone, for example, private estate expansion is expected to account for 40 percent of the hoped for increases in total output.

The Tanzanian Government recognizes that "private investors will provide this quantity of money only if they believe that they can make a profit and will be allowed to export their profit if they wish to do so." (*Tanganyika Five-Year Plan for Economic and Social Development*, Vol. I, "General Analysis." United Republic of Tanzania, 1964, p. xiv). In this connection Tanzania has promulgated a Foreign Investments Act and signed an Investment Guarantee Agreement with the United States. On the other hand, the Government also expects that the country will derive proportionate benefit. Consequently, investment projects are expected to provide increased employment opportunities, tax revenues, and increased per capita incomes for local citizens.

Explicit targets have been worked into the Plan for each productive sector of the economy. Agricultural expansion is to be achieved by intensifying production levels on present acreages through introduction of improved methods of cultivation, insecticides and fertilizers, and better equipment; cooperative organizers and agricultural extension workers will bear this responsibility.

Tanzania intends to concentrate on agricultural production and processing industries for export, and develop manufacturing industries to supply local consumer needs which have till now been met with imports. The Government is particularly anxious to build up domestic production in those lines which, until recently, Kenyan and Ugandan plants have supplied.

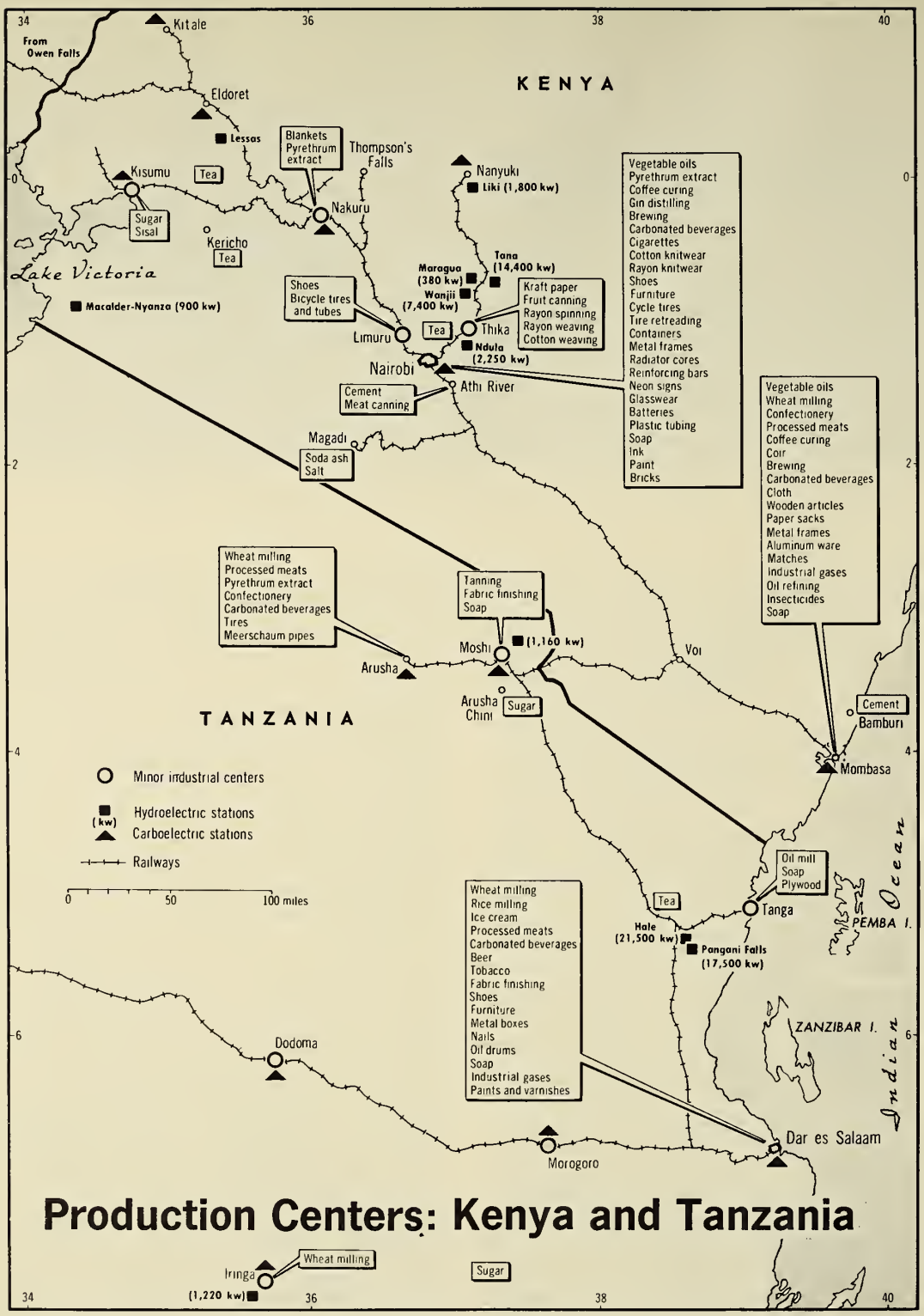
The National Development Corporation administers all Government funds invested in industry, seeks participants for target industries, and consults with private entrepreneurs having proposals of their own to put forward. Industry targets incorporated in the Plan include projects for the manufacture of metal products, foodstuffs, beverages, cigarettes, textiles, clothing, shoes, building materials and glass, chemicals, wood and paper products, and processed agricultural products. Of these, the following were still open and under active consideration as of mid-1965: edible oils extraction, cashew-nut shelling, textiles, ceramics, sheet glass, tobacco redrying, yeast, wire, and coil twine. A considerable amount of preliminary feasibility material is available on Tanganyikan industry.

Infrastructure expenditures will comprise the bulk of the central Government's development budget—trunk and feeder roads, railways and harbors, hous-

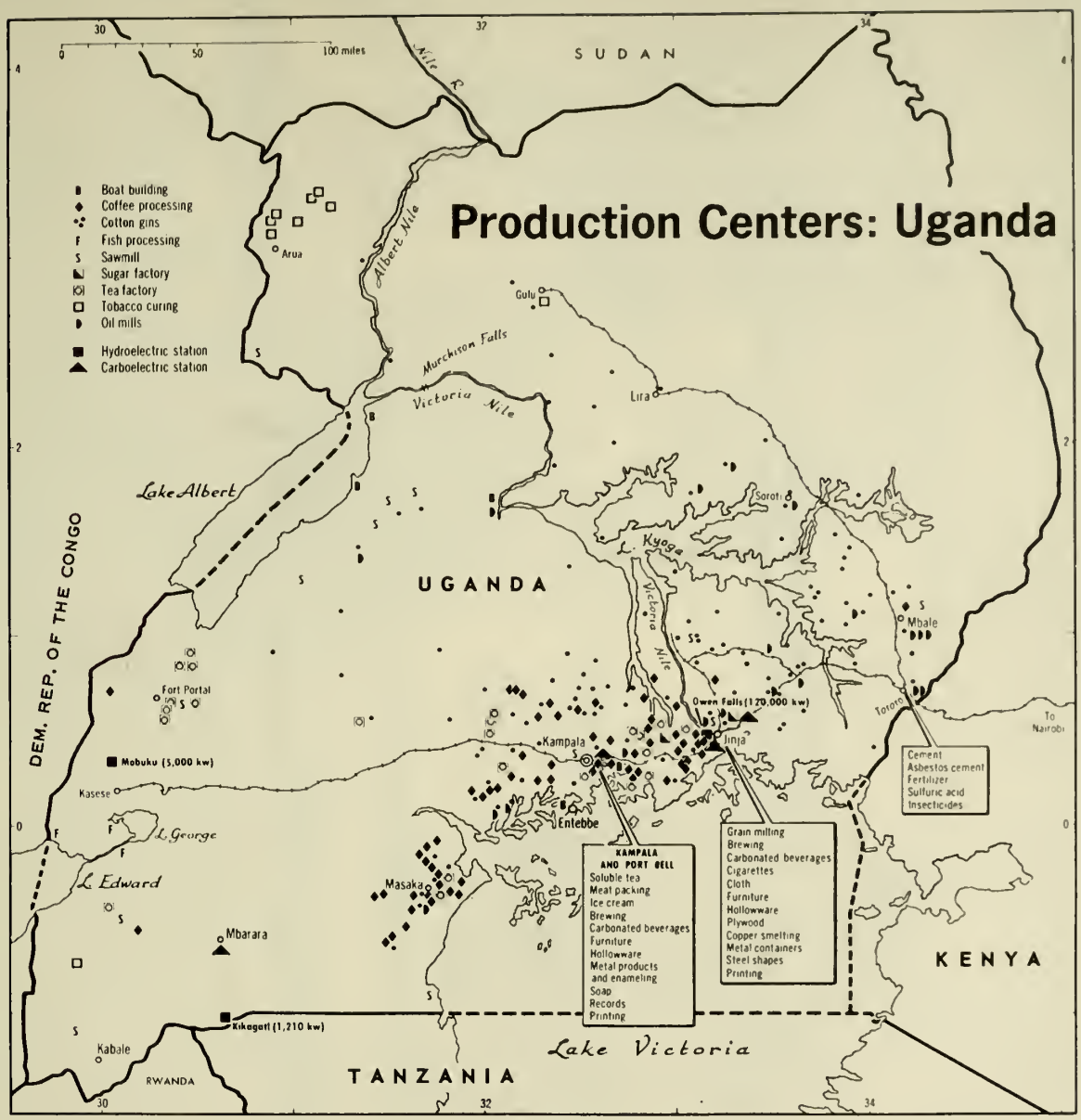
ing and township development, education, and public administration being the principal categories of activity. Pledged assistance from foreign sources for the Five-Year Plan thus far amounts to $66.7 million from the Communist countries of Eastern Europe, $45 million from mainland China, $32.2 million from the U.K. for the first two years, $10.3 million from West Germany (withdrawn when diplomatic relations were broken in a dispute over Tanzanian recognition of East Germany), and lesser amounts from the Nordic Council, Canada, and Israel. France, Japan, and IBRD-IDA are also considering making contributions. Indications are that much of this assistance has not yet been channeled into projects.

The U.S. aid program includes several projects for which procurement has not been completed. They are: a teacher training college, an agricultural college, five sisal settlements, the training and equiping of the police force, a line of credit to the National Development Corporation for industrial equipment purchases, community development training centers, and public works engineering contracts. For details on procurement procedures, see Chapter 5.

Zanzibar has a separate three-year development plan which concentrates on improving agriculture, particularly the production of foodstuffs; raising the general level of education and increasing the number of students receiving education; and improving the social and welfare services available in the islands. These programs are to be carried out with aid from East Germany, mainland China, the United Kingdom, and the United States.



Production Centers: Kenya and Tanzania


Production Centers: Uganda
Boat building
Coffee processing
Cotton gins
Fish processing
Sawmill
Sugar factory
Tea factory
Tobacco curing
Oil mills
Hydroelectric station
Carboelectric station
0 50 100 miles
SUDAN
Nile R.
Albert Nile
Arua
Gulu
Murchison Falls
Victoria Nile
Lira
Lake Albert
DEM. REP. OF THE CONGO
UGANDA
Sorot
L. Kyoga
Victoria Nile
Mbale
Fort Portal
Owen Falls (120,000 kw)
Jinja
Kampala
Entebbe
Mobuku (5,000 kw)
Kasese
L. George
L. Edward
Masaka
Mbarara
Kikagati (1,210 kw)
Kabale
RWANDA
TANZANIA
Lake Victoria
KENYA
To Nairobi
Tororo
Cement
Asbestos cement
Fertilizer
Sulfuric acid
Insecticides
Grain milling
Brewing
Carbonated beverages
Cigarettes
Cloth
Furniture
Hollowware
Plywood
Copper smelting
Metal containers
Steel shapes
Printing
KAMPALA AND PORT BELL
Soluble tea
Meat packing
Ice cream
Brewing
Carbonated beverages
Furniture
Hollowware
Metal products and enameling
Soap
Records
Printing

CHAPTER IV

Market by Product

CONSUMER GOODS

Beverages, Foodstuffs, and Tobacco

Although the agricultural lands of East Africa are capable of producing all the staple crops required for a balanced and interesting diet, the region is not yet completely self-sufficient in foodstuffs. The subsistence sector of the agricultural economy—which accounts for about 30% of gross domestic product—has traditionally been a producer of plantain, millet and maize, cassava, sweet potatoes, groundnuts, and beans, in quantities adequate to feed itself with a small surplus for cash sale to wage earners. The herding peoples of Kenya and mainland Tanzania are consumers of meat and milk supplied by their livestock.

Since the turn of the century, however, the European population which settled in East Africa in significant numbers has created a market for staples such as wheat, sugar, coffee and tea, and demanded a wider variety of fresh meat, fruits and vegetables, and the growing African middle class is adopting similar consumption patterns. Although crop cultivation and livestock raising has been developed considerably, East African agriculture and related agricultural products industries can not yet meet the full range of consumer demand. Thus limited markets for certain beverages and foodstuffs, mostly of a luxury nature, are open to American exports. (East African import statistics for this and all subsequent product categories of Chapter 4 are to be found in Table 20, except for electricity production data shown in Table 21.)

Beverages—Wine and alcoholic beverages enjoy a good market in East Africa, although they face high duty rates and severe competition from local brews. France and Australia are suppliers of quality wines at higher prices; the market for cheaper wines opened up last year with the boycott of South African and Portuguese imports, but Italy, Spain, and Cyprus have absorbed most of the market. 1964 wine imports totaled $676,000.

The United Kingdom is the principal supplier of whiskey and gin; no promotional campaign for bourbon has been attempted in East Africa, and although initial resistance would probably be high, a worthwhile market could probably be developed. New imports of brandy, gin, geneva, whiskey, rum, etc., totaled $1,400,000 in 1964. Kenya is the most important consuming country.

East African breweries have been producing beer for over 40 years and imports, which face a duty higher than the locally-imposed excise tax, constitute less than one percent of total consumption. African demand for beer, which has always been high, is growing more sophisticated and the demand for malt beer is increasing. Some malting barley is locally grown, but East Africa still depends on imports, principally from the United Kingdom and Benelux, for much of its supply.

Kenya has been a net exporter of beer to the other two East African territories, but the three countries have agreed to a system of quotas on interritorial beer sales and Uganda and Tanzania are developing their breweries to the point where they can fully supply local demand.

The consumption of coffee and tea is somewhat a luxury. Both commodities in raw and processed forms are far more important as export earners for East Africa. Some quantity of each is retained for local use however. The grades of coffee and tea produced in East Africa are for the most part of medium quality more suitable for blends and concentrates. Finer quality coffee and tea and derivative products are therefore

imported both for home consumption and for processing and reexport. The U.K. supplies coffee extracts while tea imports come principally from neighboring African states and China.

Dairy products and meats—Although the dairy industry is well-developed in Kenya, total production amounting to $12,586,000 in 1963, East Africa is still dependent on certain imports to satisfy the demand for milk and milk products. The Netherlands is the principal supplier of evaporated and skimmed milk; dried milk imports come primarily from the United Kingdom and Denmark. Butter and cheese production in Kenya has been well-developed and has been sufficient to fill the bulk of East African demand. Tanzania hopes to develop a dairy industry which will eliminate dependence on Kenyan suppliers; fresh milk, cream, and ice cream, are produced commercially by dairies in Dar es Salaam and the Government wishes to encourage expansion of this industry. Uganda imports most of its dairy products from Kenya Creameries, but, like Tanzania, is encouraging national dairies and hopes for self-sufficiency in milk and butter by 1970.

Commercial ranching and meat processing is also well-developed in Kenya. Kenya Meat Packers Association supplies much of the East African market and exports considerable quantities to nearby countries. The value of livestock production in 1963 amounted to $15,387,000 in Kenya, an estimated $8,500,000 in Uganda, and $15,098,000 in Tanzania. All three East African countries hope to develop the meat industry into an important export industry.

LOCALLY PROCESSED CANNED MEAT: An African store displays canned steak and kidney prepared and packaged by a Tanganyika processor.

Fruits and vegetables—Neither the production nor the processing of fruits and vegetables for the domestic market are yet well-organized industries, and East African consumers still depend heavily on imports to fill out their diets, despite the rich potential of local agriculture. Total value of 1964 imports amounted to $2,536,000, coming principally from the United Kingdom, Italy, Australia, Spain, and Israel.

A wide variety of fresh fruits, vegetables, and flowers are grown by small farmers for daily sale in local markets. The range of fruits available in East Africa includes mangoes, bananas, citrus, pineapples, pawpaws, avocados, figs, strawberries, plums, peaches, and guavas. Vegetables grown for commercial sale include beans, peas, lentils, pulses, onions, potatoes, cabbage, corn, and tomatoes. Pineapples are tinned for export by Kenya Canners and other fruits and vegetables are processed in Kenya and to some extent in Tanzania for the domestic market. It is hoped that food-processing can be developed into a viable export industry in all three countries, and a major new project is already under way in Kenya.

Grains—Grain consumption forms a staple element of the diet for both subsistence and cash sectors of the economy. Although local supplies fill the bulk of demand, certain specialized markets and unusual shortages which arise in bad crop years offer Americans sales possibilities.

The production of wheat on a large scale has been developed almost entirely in Kenya. The value of output fluctuates considerably from year to year, averaging about $8.5 million per year. Kenya wheat supplies flour mills in all three East African countries; total imports of wheat and flour in 1964 were valued at only $390,000, consisting primarily of high quality baking flour for blending purposes. The 1965-66 imports will be far higher because of widespread drought conditions in the first half of 1965.

Other grains are also grown for commercial sale to both African and European consumers. Maize, a staple food in the African diet in all three countries, is grown for cash sale as well as for subsistence consumption, and Kenya has been a net exporter to the other two East African territories. In 1965, however, drought conditions forced Kenya to purchase $3 million of yellow corn from the U.S. under the PL-480 program. Rice production is being developed, particularly in Kenya, but East Africa is still dependent on imports to meet consumption requirements. Pakistan is the primary supplier, but the U.S. has also made substantial sales.

CLOVES: Zanzibar is the primary producer of spices in East Africa.

Salt—Salt is produced in western Tanganyika and about half the total output is exported to nearby Republic of the Congo, Malawi, and Zambia. Small amounts of salt are also produced in Kenya and Uganda, but imports remain the principal source of supply. Total imports for 1964 were valued at $644,000. The United Kingdom, Aden, Ethiopia, and the Netherlands were among the important suppliers.

Spices—Zanzibar is the principal spice producer in East Africa and supplies cloves, pepper and pimento for the domestic market. Since Zanzibar Island has not been formally incorporated into the East African common market, its exports do not enjoy special privileges and India, Pakistan, Malaysia, and mainland China are also important sources of spices and seasonings. Since the production of cloves, coconuts and coconut products are the principal industries on Zanzibar, the island is heavily dependent on imports for most consumer items other than locally-grown food crops.

Sugar—The market for sugar in East Africa is growing rapidly and local production is, for the present, unable to keep up with demand. Two large private estates in Uganda are the principal producers, selling 122,000 tons valued at $15.3 million in 1963. The Tanzania government is making a concentrated effort to become self-sufficient in sugar and production has been increasing steadily, growing from 49,000 to 60,000 tons between 1963 and 1964. The planned development of a sugar estate and refinery in the Kilombero Valley will create an additional annual capacity of 30-35,000 tons. Kenya is the principal importer of sugar, taking $5.6 million worth from Uganda in 1964 and $4.9 million from other suppliers, principally East Germany, Poland, Czechoslovakia, and Turkey. Although Kenya is expected to continue dependent on imports at least until 1970, considerable expansion of sugar production is intended. Kenya offers Ugandan sugar protected access to its market however, and Ugandan sugar growers are also planning to develop at least two new plantations over the next few years which will enable them to supply the bulk of the demand.

Tobacco and tobacco products—The supply of cigarettes and other manufactured tobacco products in East Africa is largely of local origin. Manufactured tobacco imports are sold as a luxury in East Africa; their value amounted to $700,000 in 1964; the United Kingdom and the United States were the principal suppliers.

Mainland Tanzania and Uganda are tobacco-growing countries and the East African Tobacco Company, Ltd. has developed productive facilities in Kenya and Uganda adequate to serve the entire common market. With the signing of the Kampala Agreement in April 1964, interterritorial transfer of cigarettes was subjected to quota restrictions so as to encourage more equitable distribution of plants among the three countries. Tanzania is now approaching self-sufficiency in cigarette production. Raw tobacco imports amounted

to $355,600 in 1964, supplied almost entirely by the United States.

Household Goods

Electrical appliances—Although imports of electrical machinery, apparatus, and appliances (including domestic) have declined slightly since 1961 in Kenya, probably due to the departure of a sizeable number of European consumers, this loss of market has been more than compensated for by increases in sales to Uganda and Tanzania. The market for electrical appliances depends not only on the buying power of the consuming public, but also on the availability of electricity. As pointed out below (see Sources of Power), the supply of electricity in East Africa should be more than adequate to meet both consumer and producer demand for the foreseeable future. Electrical appliances generally operate on 220/240 or 230/250 volt, AC 50 cycle, 1-phase current. No data are available as to household consumption of electricity, but the sharp overall increases in electricity sales over the past ten years have been attributed in part to increasing domestic demand for electric power. The trend in appliance sales bears out this assumption.

The total value of 1964 imports amounted to $7.0 million in Kenya, $4.2 million in Uganda, and $5.3 million in mainland Tanzania. As Africans move into higher income brackets, the value of their purchases of electrical equipment increases rapidly. The more commonly demanded appliances include refrigerators, sewing machines, electric lamps, stoves and heaters in Kenya and Uganda, and fans in Tanzania. Phonographs and tape recorders, electric washing machines, home air conditioners, vacuum cleaners, toasters, and electric irons are among those items still purchased only by a relatively small number of wealthy residents in the main cities.

A fairly complete range of electrical equipment is displayed by most appliance dealers in East Africa and the interest of importers in new lines priced for the growing middle income market is high. American firms with representation in Nairobi and distributors throughout East Africa include General Electric, Westinghouse, Kelvinator, Hoover, and Singer Sewing Machines. Other firms sell only through local dealers who act as their sole agents in East Africa. As with larger equipment, servicing for domestic appliances is an important element in the sales package. The United States, along with the United Kingdom, West Germany, Italy, and the Netherlands, is an important supplier of electrical appliances, particularly of refrigerators and sewing machines.

Singer plans to begin assembly operations in Nairobi shortly and electric lightbulb production is scheduled to be undertaken in Kenya. Apart from these two projects, however, consumer demand for electrical appliances can be expected to continue to be met with imports. The quality of American products is generally well-regarded, but considered to be out of price range. Keen competition from European manufacturers is as often as not a matter of salesmanship and not of price, however, and imaginative and persistent American salesmen are beginning to find the East African market more responsive to their product lines.

Radio and television—Radios, particularly cheap transistors, are a popular item among low-income African consumers and a standard piece of equipment among the wealthier classes. The market has been largely controlled by Japan and the Netherlands, however, and plans have now been finalized for the construction of a $210,000 radio assembly plant in Arusha, Tanzania, by Phillips Industries of Eindhoven, Holland, which will supply the entire East African market.

Television has been developed in Kenya and Uganda, as much for its value in mass education programs as for its entertainment value. The two governments are therefore important potential customers and as more program ideas are developed for use in various group situations, consumption of television sets can be expected to increase. Hotels and tourist resorts also constitute an important potential market for television; the private consumer market for domestic sets will probably remain negligible for some time however. The United States, Ireland, and the United Kingdom were all important suppliers in 1964, and American exporters should be able to continue to do well in this field, particularly if an adequate stock of spares is maintained and good service offered by local agents. It should be noted however, that Uganda, unlike Kenya, has granted a single firm a monopoly on the import and assembly of low-priced television receivers which to date have been of Japanese origin.

Utensils—Demand for household utensils in East Africa is growing among all consumer classes but is not yet highly sophisticated nor quality conscious. India is the primary supplier of inexpensive iron and steel and copper cooking utensils, while the United Kingdom furnishes the bulk of the aluminumware and miscellaneous metal equipment imports. Sweden and Hong Kong sell stoves and cookers, while Japan and the United Kingdom share most of the market for porcelain and ceramic tableware and, along with West Germany, for cutlery. The United States has been able to sell significant amounts of glass tableware, but faces stiff competition from France and the United Kingdom.

All three East African countries view these product lines as ones in which local industry could eventually supplant imports in the domestic market. Productive facilities are particularly well-developed in Kenya, where iron and steel and aluminum utensils having a sales value of nearly $3 million in 1961 are produced. The utensils industry is dependent on imported raw

materials; Norway was the principal supplier of unwrought aluminum in 1964.

Small metalware industries operate in both Uganda and Tanzania and hope to expand their facilities. Production of ceramic ware has not yet developed significance in East Africa, but both Tanzania and Uganda have given high priority to industrial projects in this line and are looking for investment participation from external sources which would involve equipment sales and possibly management contracts for the United States if an American firm were to join such an undertaking. Raw materials are readily available and preliminary feasibility work has been done. Glass production in East Africa is limited to the bottling industry and the market for glass tableware, particularly to supply the expanding tourist hotel industry, should hold good for the time being.

Home furnishings—Furniture imports at present comprise the higher quality goods coming largely from the United Kingdom, and the bamboo and rattan type styles of which Hong Kong is a principal supplier. Total East African imports for 1964 amounted to almost $1.1 million. However some of the simple mass consumption American furniture lines would be appropriate for East African use and might prove quite successful in the higher-price range of the consumer market there. Introduction of new, acceptable styles, particularly in the wooden and partly-stuffed furniture fields, could lead eventually to profitable investment partnerships with local producers who wished to increase the scale of their operations.

Local manufacture of simple wooden and metal furniture is already an important source of supply for the East African consumer market. Kenya manufacturers supply wooden and metal furniture and mattresses for local consumers and for export to Tanzania and Uganda. In 1961 the value of production was placed at almost $2.5 million, of which $168,000 was exported. Kenyan exports of metal furniture to Tanganyika and Uganda rose to a value of $695,000 in 1964 and local producers are planning for similar expansion of the wooden furniture industry in the near future. Tanzania hopes to encourage the development of its wooden furniture and mattress industries which have existed on a small scale for some time, and Uganda is looking into the possibility of metal furniture production. The resources exist for East Africa to be virtually self-sufficient in the production of the more common lines of furniture and perhaps to develop export markets in neighboring countries for some items, but the industry is not yet fully established.

Importation of accessory furnishings such as draperies, carpets, household linens, etc., depends on the ability of the local textile industry to supply goods for the mass consumer market (see Textiles, Clothing, and Footwear). The United Kingdom is the principal supplier of home decoration materials for the high income class; oriental rugs are also a popular kind of carpeting. The best market for American products in this general category is for plastic and other synthetic curtains, drapes, and upholstery materials, and for various types of vinyl floor coverings. These items appeal to the growing middle income class; eventually local production can be expected to develop, but for the time being this could be a market worth exploring.

Soaps and cleansers—Soaps and cleansers constitute one of the single most important categories of imported household goods. Total value in 1964 amounted to $2.5 million. The United Kingdom is by far the largest supplier of these products, although some American brands are to be seen on the shelves of retail outlets in major urban centers. Price and brand popularity are the two determinants of product marketability. Local production of laundry and toilet soaps, detergents, disinfectants, floor polish, shoe polishes, starch, and allied products supplies the East African market with some additional $4 million worth of goods each year and expansion of this industry is planned by all three countries. Except for one large-scale operation in Kenya and a second proposed plant which would produce a range of soaps, cleansers, and related products, however, East African output is thus far limited mostly to yellow laundry soap purchased by African consumers in local markets.

There is interest among sophisticated consumers in specialty items such as glass window spray cleansers or automobile polishes; in such lines American products are highly acceptable, but the total volume of sales will remain small for some time to come because of the limited size of the market.

Pharmaceuticals and Medical Supplies

The pharmaceuticals and medical equipment lines offer U.S. exporters excellent prospects for expanding sales in East Africa. Except for some local manufac-

CHILDREN'S WARD, PRESBYTERIAN CHURCH HOSPITAL, KENYA: Medical facilities are provided or brought up to date as quickly as possible throughout East Africa.

ture of patent medicines, valued at $644,000 in 1961, East Africa is entirely dependent on imports for its supplies of pharmaceuticals and medical equipment. The total import market—$8.4 million in 1964—is divided about equally between ethical preparations and patent medicines.

Government purchases of ethicals for dispensation through government hospitals and dispensaries account for approximately half the total consumption. Private purchases of ethical pharmaceuticals are strictly regulated and may be dispensed only by qualified pharmacists on doctors' prescriptions. Chemists' shops and mission hospitals and dispensaries are the primary outlets for these drugs. Patent medicines are a mass consumption item of growing importance in East Africa; small Asian and African retailers are important distributors of such lines as analgesics, cough syrups, tonics, ointments and liniments.

A few large importing firms in Nairobi have traditionally supplied the bulk of the market from the United Kingdom and some U.S. exports pass indirectly through England. The American and French pharmacopoeia are accepted on a par with the British however, and the expanding East African market is open to supplies from other sources. Australia and the EEC countries have developed important shares of the East African drugs and pharmaceuticals market.

Several American firms maintain representation in Nairobi, and U.S. exports of medicaments amounting to $240,000 in 1964 comprised a significant portion of our total pharmaceutical sales. There is considerable interest in the expansion of local productive facilities among pharmaceuticals distributors in East Africa, but final project decisions will depend on whether or not plants can be built to service a common market or must confine themselves to one of the three national markets within the region. In sum, the pharmaceuticals market, particularly in proprietary lines, is keenly competitive but expanding and offers promise for American exporters.

The demand for medical equipment and supplies is also growing as each of the three governments institutes programs to develop new health facilities which will increase the range of services provided for a growing population. Public expenditure for hospitals and health centers during the next five years has been estimated at approximately $9 million in Kenya and almost $1 million in Tanzania; the capital expenditures for two central hospitals in Kampala to serve Uganda's health needs have been largely completed and plans for the expansion of rural health services are still in the preliminary stages. Recurrent costs for health services average between $6 and $7 million per annum for each country.

The United States ranked second only to the United Kingdom as a supplier of medical instruments in 1964; its share of total imports, valued at $421,000, amounted to $52,000. Although the Netherlands and West Germany are effective competitors in medical apparatus lines, much interest has been expressed in American medical equipment by the importing firms who are not only in a position to bid on government tenders but also act as suppliers for mission centers and private practitioners. The quality of specialized U.S. medical equipment and instruments is considered superior and the market for expanded exports in this field appears attractive.

Recreational Supplies

The tourist industry, which is an increasingly important foreign exchange earner in East Africa, creates an important market for sporting goods and photographic equipment. The United States sold $48,000 worth of non-military arms, hunting and fishing equipment, and other sporting goods in 1964 out of $278,000 total imports. The United States is also an important supplier of photographic and cinematographic equipment and supplies, along with the United Kingdom, West Germany, and Japan. Both of these markets should continue strong, although keenly competitive.

Tourism also offers the enterprising investor some interesting possibilities for the development of resorts and package tours. Wildlife, waterfalls, mountains, historic ruins, and ocean beaches offer a considerable variety of scenic, sporting, and climatic attractions to the tourist. All three East African governments are already undertaking promotional efforts and facilities improvements programs to encourage continued growth of this industry, but private sector participation would be warmly welcomed.

Movies are one of the most popular forms of recreation for people of all classes in urban areas, and the value of imported films amounted to $1.3 million in 1964. Reading material imported from the United Kingdom, India, and the United States is another type of recreational supply with considerable total market value.

Textiles, Clothing, and Footwear

Textiles and clothing—All three East African countries are anxious to develop their production of yard goods and clothing to the point where demand can be substantially met by domestic supply, and the textile industry has been identified by UN advisers as one of the key import-substitution industries for East African development. At present, however, local industry supplies only about 16 percent of total East African textile consumption, which amounted to around 310 million square yards in 1963.

If the trend of the past decade continues, increasing personal incomes can be expected to push demand for textile goods up to 540 million square yards by 1975. As the individual African increases his consumption of clothing he tends to become more quality conscious

UGANDAN TEXTILE FACTORY: The manufacture of textiles is well developed in Uganda, where modern machinery is used.

and several changes in the type of products demanded have been noted recently. Important among them are the emergence of rayon as a major fiber in the East African textile market, the growing share of knitwear in the market, a sizeable shift to ready-made clothing, a rapidly shrinking market in greys, and a shift in favor of lighter fabrics—including those made from more than one basic raw material. Given the increasing size and changing character of the market for textiles and clothing in East Africa, the market for imported goods, particularly finer quality materials, should continue strong for some time.

Although licenses have been issued by the East African Industrial Council for the production of up to 243 million square yards of cloth in East Africa, the development of the textile industry has been slow to date. Nyanza Textile Industries, a Ugandan company, operates the only vertical cotton textile mill in East Africa and is still the major producer in the region, supplying 34 million square yards of cloth in 1963. Three cotton and two rayon weaving plants plus a few knitting establishments in Tanzania produce a total of some 12 million square yards, and 8 small knitwear factories account for the bulk of Kenya's production, estimated at about 10 million square yards.

Plans for rapid expansion of local industry are now beginning to be realized however. It is intended that all new projects include spinning operations so that dependence on imported yarn can be decreased and locally grown cotton used as much as possible. Among the more important projects already agreed upon are Mulco Textiles in Uganda, with an initial productive capacity in 1965 of 15 million square yards per annum and a potential capacity of 30-35 million square yards, and the Kisumu project in Kenya, which is planned to open in the next two to three years with a capacity of 20 million square yards, using only locally grown cotton. Nyanza Textiles has been licensed to expand by 50 million square yards, and Tanzania has concluded a contract with the Government of mainland China for a vertical cotton mill to be set up and managed by Chinese technicians.

The knitwear factories in Kenya produce shirts and undershirts in sufficient quantity to supply a large portion of local demand and to export significant amounts to Uganda and Tanzania. Blankets are also produced for the regional market by the Nakuru factory in Kenya.

Apart from blankets and knitwear, however, the production of finished goods from textile fabrics is almost entirely in the hands of individual tailors who operate small shops, equipped with one or two sewing machines, in the town marketplaces. These small operators purchase fabrics from local producers and from trading companies who act as wholesalers and distributors for imported piece goods.

Plans for clothing factories to be built with Japanese help have been developed in both Tanzania and Uganda, and Tanzania has restricted clothing imports from Kenya in order to encourage the growth of domestic production.

Protective duties are imposed on imports of textile fabrics and most clothing items to assist local industry. Nevertheless, imports amounted to $160 million in 1964 ($44 million, yarns and fabrics; $116 million, clothing). Japan and the United Kingdom are the principal suppliers; India, Hong Kong, and West Germany are also important sellers in the market. U.S. goods are highly acceptable but are generally considered too expensive for the present market. There is

interest among some importers in carrying medium-price American clothing items which would be of higher quality than what is now available and would appeal to the growing middle-class consumer group, particularly in Kenya. The market for used clothing is also expanding and the United States, already the principal supplier, should be able to increase sales without great difficulty.

There would be considerable interest in American participation in the expansion of local industry, either in partnership with established concerns or through licensing arrangements and management contracts. Preliminary feasibility studies have been made in all three countries and more information can be obtained through their respective ministries of commerce and industry.

Highly mechanized, capital-intensive techniques are generally inappropriate for the East African situation. Nevertheless, where special methods of operation and machinery patterns have been developed for the manufacture of a textile fabric or item of clothing with characteristics particularly suited to East Africa, local investors are frequently anxious to enter into arrangement with the patent holder, whatever the nationality. Where external financing is an important factor in a textile project, the purchase of machinery will frequently be made in the country which has made the funds available. The United Kingdom, West Germany, and Japan have been the most consistent suppliers of textile machinery during the past three years; Sweden and Italy have also made important sales.

Footwear—East Africa has been self-sufficient in cheap lines of shoes for some years and local industry controls the market for mass consumption footwear. However, production of the more specialized types of dress footwear for which there is a good but limited market is not yet economic for local industry and the possibilities for sale of higher-quality American shoes in the medium price range appear promising. A protective tariff is imposed on all imported shoes and the prevailing price level ranges from $8 to $20 a pair; furthermore, the habit of buying from England has strongly influenced consumer tastes in wearing apparel. Nevertheless, certain importers who deal with retail outlets serving the upper income brackets believe that better quality American shoes would appeal to style-conscious East Africans; they would be willing to put certain lines on the market on a trial basis, especially the American "moc" style.

FACTORY-PRODUCED SHIRTS, manufactured in a plant in the northern industrial town of Tanga in mainland Tanzania. Still not well developed, the East African ready-made clothing industry is getting priority attention from industrial planners.

KENYA BEAUTY SHOP: East African women of all ages and at every economic level are concerned with personal appearance, including hairdressing.

Toiletries and cosmetics—Several American name brands are available at East African cosmetics and toiletry counters. The United States ranks next to the United Kingdom and India as a supplier of cosmetics, sales in 1964 amounting to $81,000 out of an import total of $1,370,000. Introduction of new brands requires an intensive initial sales effort until the consuming public becomes familiar with the product. Agents and manufacturers' representatives will take the responsibility for promotional work if they are not already representing competing lines; suppliers are normally expected to bear part if not all of the advertising costs however. American brands are well accepted by the buying public, and the growing African consumer class offers the United States interesting export possibilities.

Wood Products

Sawn timber and timber manufactures—The only lumber products of which East Africa is a significant importer are plywood; boxes, cases, and crates of wood; and wooden furniture. Timberland in Kenya and Tanzania constitutes an important natural resource and the forestry industry in East Africa has until now been able to meet most of the demand

for timber and timber products with a modest surplus for export in certain lines. As local industry develops, East Africa can be expected to become virtually self-sufficient in the production of sawn timber and timber manufactures.

Forestation programs are included in the development plans of all three countries, and Kenya and Tanzania have also placed high priorities on the expansion of existing wood products plants and the establishment of new ones which would make maximum use of available lumber resources. Kenya has in the past concentrated on the manufacture of softwood products such as poles and posts, building materials, wooden furniture, pencil slats and matchsticks. None of these industries is operating at a capacity which can keep pace with growing demand, however, and expansion is being encouraged. Tanzania's hardwoods have been used for the manufacture of parquet flooring, plywood, and veneers; furniture has also been produced on a small scale.

There is room for growth in all of these lines; the establishment of plants for the production of wooden doors, windows and millwork and for the turning of special hand-sawn wooden parts is also considered feasible. Tanzania has in the past been a net importer of building materials, wood composition board, and other softwood products, but the long-range forest program calls for the development of softwood timberland which would eventually make possible the production of such items domestically.

The opportunity for American participation in the expansion of the manufacture of forestry products in Kenya and Tanzania is very good however. American capital and technical knowhow would be welcomed by the private entrepreneurs in East Africa who control most of the present productive facilities. The sale of plant and equipment is normally involved in any investment by foreign businessmen in enterprises of this kind in East Africa, and the forest products industry is generally rated as one with high likelihood of growth and good return.

Paper and paper products—No pulp and paper industry has yet been developed in East Africa and local production of paper products is limited to the conversion of scrap and waste and the fabrication of toilet paper, paper straws, business machine rolls, cement bags, school exercise books, and paper bags, cartons and boxes from imported bulk paper. Kenya is both the principal producer and major consumer of paper products, being the most highly developed industrial center in East Africa. Overall East African imports of paper and paperboard products amounted to $8 million in 1964.

All printing and writing papers are imported and demand is likely to increase as educational facilities expand. Principal suppliers are Japan, Norway, the United Kingdom, Czechoslovakia, and mainland China. Growing demand for packaging papers in bulk quantities will mean increased imports of industrial papers, of which the U.S. and Sweden are the major suppliers. Lightweight packaging materials (bags, boxes and other containers) of paper, paperboard, and plastic are imported in small quantities, but local production is growing fast enough to meet most new domestic demand.

Scandinavia is an important supplier of bleached papers and duplex-board while much of the unbleached paper, multi-wall sack paper, and corrugated board comes from the U.S. Sanitary papers and special industrial papers are imported in small quantities from the U.K. and Europe.

Serious consideration has been given for some time to the establishment of a pulp and paper mill at Broderick Falls in western Kenya where there is cheap access to timber and power. Tanzania has also been looking into the possibility of producing paper pulp from locally-grown short fibers. The planned annual output of the Kenya project, 23,000 tons, is considered sufficient to supply the entire East African market, but production would still be feasible if the market were limited to Kenya and Uganda. The Kenya Government is actively seeking foreign investment participation for this project, and it is hoped that the plant can be in production by 1971.

CAPITAL GOODS AND POWER SUPPLIES

Agricultural Equipment and Supplies

Trends in East African agriculture—The market for agricultural equipment and supplies is one of the most promising for American exports in East Africa. Diversified agricultural production for domestic consumption and for export has given the three East African economies a sound base, and official planners intend to rely heavily on agricultural expansion to keep domestic product growing and export earnings high. The pattern of agricultural development has been distinctly different in each of the three countries, and consequently the equipment and supplies demand varies somewhat from one to another.

The Highlands of Kenya, which were the principal area of European settlement during the colonial period, produce four-fifths of the country's agricultural exports and are a major source of cash crops for the domestic market. Important plantation crops include coffee, tea, and sisal; other export crops such as wattle, pyrethrum, sunflowers, and linseed are grown on individual mixed farms, as are cereals, dairy animals, and fruits and vegetables. Production of estate crops such as sugar, tobacco, and tea has begun to develop significantly and further expansion is desired.

The main emphasis of public spending for agricultural development in Kenya will be in the form of assistance for Africans being resettled on the High-

KENYA COFFEE ESTATE: Laborer's live in a village on the estate (background). Coffee plants (foreground) are ready for harvest.

lands farms which before their purchase by the Government had been owned by Europeans. Kenya is interested in improving quality as well as quantity of output, and through its agricultural extension service would like to encourage more use of fertilizers and insecticides as well as modern techniques of crop cultivation among farmers relatively inexperienced at production for cash sale. Producers' cooperatives which are being organized among the Africans who are taking up individual land holdings in the resettlement areas will be the final customers for most of the equipment and supply purchases financed by the public sector.

Irrigation schemes are also an important component of Kenya's plans for agricultural development. The UN Special Fund is conducting a study of a promising scheme on the lower Tana River which should be available within the coming year. Several other projects are also under consideration, as are various land reclamation and land clearing schemes for the opening up of undeveloped agricultural lands and grazing ranges.

Private sector participation in agricultural production will continue to be an important component of the industry. Most of the major private capital investments in agriculture can be expected to take the form of estate development, particularly of those crops for which there is a growing market. Wherever possible, the Government would like to encourage private investment in projects for the commercial development of potentially profitable crops which have so far been grown only on a small scale by African cultivators. This frequently means development of projects which include food processing facilities and utilize the output of African outgrowers as well as that of the central estate lands.

One such project in which American investment is an important component is the development of a pineapple estate on lands already cultivated to some extent by local Africans; the project will involve crop development assistance for these producers and cultivation of new lands, installation of a processing and canning facility where the pineapples will be prepared for export, and rationalization of the transportation and distribution system connecting pineapple growers with the final market.

Foreign participation would be welcomed in other projects of this type; in fact, equipment sales companies themselves are frequently the best qualified to conceive, develop, and sell imaginative ideas for agricultural development not only in Kenya but throughout East Africa, thus creating their own markets.

Although Uganda is more heavily dependent on agriculture than Kenya, production for cash sale is concentrated on only two crops—cotton and coffee. These are grown by individual farmers who raise such staples as plantain, corn, cassava, sweet potatoes, and keep a few cattle for their own use, supplementing their incomes with the sale of the cash crop. Government's primary interest is in crop diversification and public sector assistance is being offered for agricultural research and for estate development of other cash crops such as tobacco, sugar, tea, castor seeds, peanuts, and soy beans. Consideration is also being given to the possibilities of cocoa, vanilla, ginger, pepper, citrus fruit, tropical fruits, and vegetables; Uganda's agricultural lands are known to be particularly rich, but their full potential has not yet been exploited. As in Kenya, private sector help is needed in developing projects which will increase the country's capacity to export a wider variety of processed agricultural products.

Sisal, accounting for about 20 percent of 1964 agricultural output and nearly 30 percent of total export earnings, is the mainstay of mainland Tanzania's economy; five new sisal estates comprise an important element of the territory's plans for agricultural development. Cotton, coffee, cashew nuts, groundnuts, oil-seed nuts, and tea are also important export crops, however, and the government is interested in developing local processing facilities for the coffee, tea, and nuts. Sugar and tobacco development have already received considerable attention and output is expand-

ing rapidly. Processing facilities already exist for these two crops.

Tanzania is equally concerned with developing its agricultural sector to the point where the country will be virtually self-sufficient in foodstuffs. The cultivation of maize, pulses and bananas, which form staple elements of the subsistence diet, could be organized for local markets. Milling, and cracker-type biscuit manufacture, jams and confectionery production, and dairy industry development are top priority processing industries in the government's development plans, and longer range consideration is being given to the rationalization of the fruit and vegetable industry.

Zanzibar earns foreign exchange with the sale of cloves and copra, but stagnant markets for these two crops are causing officials to search for alternate uses for the island's lush agricultural lands. Limes, vanillin, papain, chilies, and nutmeg are all considered developable; if processing facilities were established, coir fiber, perfume essence, and insect repellent could also be produced from coconut, custard apples, and derris respectively. However, since the 1964 revolution, the island has concentrated on the development of food raising to reduce its dependence on imports. Principal crops include rice, beans, corn, and millet. Efforts are being made to increase egg and meat production in the island, and to develop a salt water fishery.

Fish are another rich resource which East Africa has not yet exploited. The salt water fish industry is beginning to develop off the coasts of Tanzania and net manufacture and boat building industries are planned for the mainland. Research is also being done on the fish resources of the inland lakes on the western borders of Tanzania and Uganda, and fishnet manufacture has also begun in Uganda.

Sales prospects—The United States already occupies an important position in the agricultural equipment and supplies market in East Africa, and prospects for growth are extremely good. In 1964 the United States was a principal supplier of agricultural machinery for preparing and cultivating soil, of wheeled tractors, and of other agricultural machinery and implements not classified, competing primarily against the United Kingdom for sales. Suppliers of machinery for harvesting and processing specific agricultural commodities vary from year to year, depending on what new projects are begun and whether financing arrangements affect the country of origin for capital equipment. Naturally, American investment in agricultural development projects would be a boost to sales, not only from the direct exports which would in most cases be tied to American capital financing, but also as a result of the introduction into East Africa of American agricultural techniques which might have wide applicability.

The markets for fertilizer and insecticide imports are both expanding, although it is hoped that local production will eventually fill the greater part of local demand. Although the United States is not a significant exporter of fertilizers to East Africa, our insecticides sales reached one-eighth of the total volume in 1964. Control of insect-borne plant and animal diseases is a serious problem for East African agriculture. As new and better techniques are introduced to African farmers, this market can be expected to continue to grow.

Whether the final customer is a government ministry, a large plantation owner, or a small African farmer, an effective sales approach usually requires a resident representative for the region to select and supervise agents, to demonstrate equipment and discuss proposed agricultural projects, and to insure that adequate servicing and repair facilities are available. As with consumer goods, end users of agricultural equipment in East Africa, many of whom have had little experience with a high level of technology, develop strong brand loyalties and are likely to stick for a long time with the first equipment lines to which they become accustomed. Hence this is a very important period for developing the agricultural equipment market in East Africa.

In general, although importers will handle the actual sales transactions, they are not anxious to take on new equipment lines unless demand has already been expressed by their customers: the larger

BEAN-CANNING MACHINE demonstrated at the 1965 U.S. Trade Show in Nairobi. Many other types of U.S. agricultural equipment were exhibited at the Show.

private producers and the public sector institutions will frequently bypass the local middleman entirely and buy directly from the manufacturer. Knowledgeable agricultural experts are very interested in American agricultural and food-processing equipment for its technical superiority; delays in sales negotiations and difficulty in arranging satisfactory credit terms could result in loss of business to European competitors however.

Building Materials and Services

The potential building materials market in East Africa falls into four or five major categories: structural steel and finished metal parts; cement, clay and wood products; plastic materials; paints and varnishes; sanitary and plumbing fixtures and hardware; air-conditioning, heating, and lighting equipment. Although American exports, except for tubes, pipes and fittings of iron and steel, air-conditioners, and certain categories of paints and varnishes and of plastic materials, occupy a relatively minor position in the market, the prospects for increased sales are quite good.

The United Kingdom has been by far the largest supplier of all categories of building materials, dominating the market as much because Englishmen still control most architectural design and materials specifications in East Africa as for any other reason. Japan, Belgium, Sweden, and West Germany have all been able to obtain important shares of the market in recent years however.

Local production already fills or will soon be able to fill most East African demand for certain lines of building materials. Cement production is already a well-established industry in East Africa, and although there is some inter-territorial trade, there is virtually no import demand. Production of paints and varnishes and of hardware and hand tools has also begun and all three governments are anxious to encourage rapid expansion of these two industries. Sheet glass and plywood manufacture are also considered feasible for local development and expanded domestic production can be expected in coming years. A steel-rolling mill in Uganda produces reinforcing rods from scrap, and aluminum extrusions are also locally available.

By far the larger volume of building materials must continue to be imported however. Government plans for public sector expenditures on schools, hospitals, and other institutional buildings, private sector investment in expansion and development projects, and special housing programs being worked out in all three countries will place increasing pressure on the construction industry to streamline its methods and increase its productive capacity.

The desire of African officials to spend public money on construction in the most efficient manner possible is causing them to seek not only alternative sources of supply, but also alternative design possibilities which could open up for the United States sales opportunities hitherto non-existent in East Africa.

MULAGO HOSPITAL, KAMPALA, UGANDA: More new public buildings of all kinds are needed to serve East Africa's rising population.

OWEN FALLS DAM, JINJA, UGANDA: The Owen Falls hydroelectric plant on the Victoria Nile generates most of the power for Uganda and Kenya.

In fact, architectural, engineering and contractors' services which condition the structure of the building materials market to such a large extent are themselves in great demand in East Africa as the demand for construction increases; American technicians are welcome to bid on any construction contract, and interested firms might well consider establishing an office in East Africa to represent their interests. Building materials which the U.S. might successfully introduce into East Africa during this period of transition include: reinforcing steel, plastics, pre-fabricated parts, sanitary and plumbing equipment, and air-conditioning equipment.

Sources of Power

Fuel—Petroleum products account for some 6 percent of U.S. exports to East Africa, and although the market is keenly competitive, American firms can be expected to retain an important position in this lucrative market. Kenya is the largest consumer of the three countries and Iran, Bahrein, and the United States the principal suppliers. Caltex, Esso, and Mobiloil are all distributing in East Africa, and Caltex and Esso are participating in an oil refinery project which began production in November 1963 near Mombasa, Kenya. Imports of crude oil for the refinery, mostly from Kuwait, came to over 1 million tons in 1964.

Although wood sales meet the consumer demand for heating fuel and some bitumen is imported from the United Kingdom, Trinidad and Iran, petroleum products constitute the bulk of East Africa's fuel consumption. The 1964 petroleum fuels sales pattern in millions of gallons broke down as follows:

Aviation spirit	5	Power kerosene	1
Motor spirit	77	Light diesel fuel	52
Turbo fuel	25	Heavy diesel fuel	20
Lighting kerosene	25	Fuel oil	116

Source: East African Statistical Department, EACSO, *Economic and Statistical Review*, No. 14, March 1965.

Sales of turbo fuel have increased significantly over the past five years and consumption of lighting kerosene and diesel fuel is also rising steadily.

Sales of lubricants are closely related to distribution of petroleum fuels and were as follows for 1964:

Motor oils	3,911	thousands of gallons
Aviation lubricants	92	do
Marine oils	46	do
Railway oils	366	do
Other industrial oils	953	do
Motor greases	2,201	thousands of pounds
Industrial greases	985	do
Petrolatums	859	do

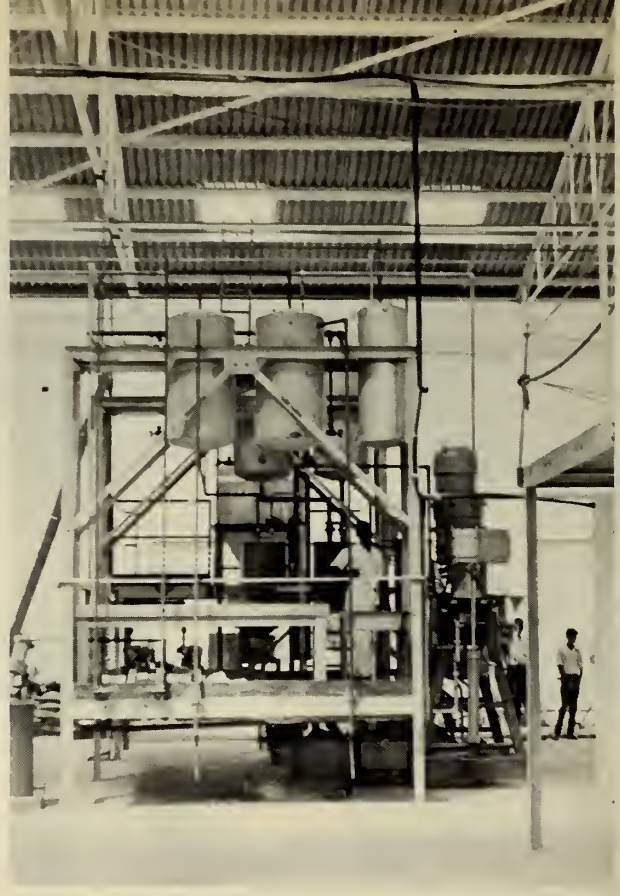
Source: *Economic and Statistical Review*, No. 14.

Electrical Energy—East Africa is amply endowed with power resources, mainly hydroelectric, and has developed generating capacity rapidly during the past ten years. Kenya, the largest user of hydroelectric power, is dependent for about half of its total consumption on imports from Uganda. The Owen Falls dam, located on the Victoria Nile at Jinja in Uganda, has been operating at a capacity of 120,000 kw. since 1954. In addition to meeting virtually all local demand (290,910,000 kw-hr in 1964) the Owen Falls plant exports about two-fifths of its total production to Kenya at bulk rates. Ten small hydroelectric generators and several thermal plants supply most of

the other half of Kenya's recorded electricity consumption (425,675,000 kw-hr in 1964). Electricity produced by individual industries for their own use is not included in these statistics. Tanzania is self-sufficient in electricity and had exported a small surplus to Kenya until 1964 when a new thermal station was opened near Mombasa. Increased local demand now absorbs virtually all the electricity Tanzania can produce at existing capacities however.

Estimated increases in electricity consumption in all three countries will require expansion of productive facilities. Additional potential in Uganda has been estimated to be as much as 1,875,000 kw. and preliminary plans have been prepared for an additional 180,000 kw. plant to be developed from the Owen Falls resources. Work has begun on a four-stage hydroelectric project at Seven Forks on the Tana River which will create additional capacity of 250,000 kw. in Kenya over the next ten to twelve years. Tanzania plans gradual development of the Pangani River Basin, already a primary source of hydroelectric power, which, when fully completed, will supply up to 321,000,000 kw-hr.

Contracts for engineering services and capital equipment needed to carry out planned power development projects will be open for American bids; if exploited, this market opportunity could mean a significant amount of business for the United States. Development of power resources should also act as a stimulant to investment which will open up other possibilities for American capital goods sales.



SOAP-MANUFACTURING MACHINERY, COLGATE-PALMOLIVE FACTORY, KENYA: Plants like these require the type of specialized machinery the United States often can provide.

Specialized Industrial Machinery, Supplies, and Services

A wide variety of electrical equipment and heavy machinery for relatively specialized uses is already sold by the United States to East Africa, and prospects of increasing sales in many of these lines are excellent. The competitive advantage which Americans enjoy in this field is one of superior technology. It is generally accepted that machine design has been much more highly refined in the United States than elsewhere, and where a high quality of performance is an important factor in the buyer's choice of product, the East Africans are generally willing to pay the price to get the American item.

Particularly good examples of American predominance in machinery and equipment exports are those of excavating, boring, leveling and other related machinery and of scientific instruments used both by technical research institutes and by the expanding secondary school system. The market for both categories is expanding, and the United States, already the principal supplier, should be able to increase sales significantly. Other categories in which American products enjoy some success include sewing machines, office machinery (including computers), power tools, ball bearings, and certain industrial chemicals. Some items such as sewing machines, ball bearings, and dry cell batteries are scheduled for local assembly or production, but for the most part, East Africa will remain heavily dependent on imports of the heavier or more specialized machinery and equipment lines for some time.

The expansion of computer use in East Africa is an interesting example of the experimentation in marketing techniques needed to introduce technical equipment into a less-developed area. One of the first companies to use its own computer for billing was a major U.S. oil firm which has since earned a significant amount of supplementary income by renting the machine to other users, including several public agencies which may well become owners themselves as a result. The service the computer sales people themselves perform in demonstrating the equipment and offering training courses to employees of potential buyers is also an essential element in the marketing package. Similar techniques might be considered for a variety of equipment lines. One interesting possibility, for example, is the electronic teaching equip-

ment line, which could prove of considerable value to educators looking for new techniques to reach large numbers of students quickly. The Annual Radio and Electronics Show put on in Nairobi by the East African Institution of Engineers could easily be used as an initial sales promotional tool for such products.

The natural advantage which U.S. exports of this type enjoy in East Africa does not mean that the importance of conditions of sale can be neglected. A good example of the problem which Americans face in this respect came up recently with regard to the purchase of several computers for government use. Although statisticians had no hesitation in declaring the machine demonstrated to them by an American company representative definitely superior, they also pointed out that this did not necessarily mean the American product would be purchased.

In general, it is characteristic of the East African market that sales are often made as much because of the success of company representatives in making themselves and their product lines well known among final purchasers and in earning reputations for adaptability in adjusting financing arrangements to meet the needs of each particular customer as because of the inherent superiority of the merchandise itself.

An aspect of the specialized machinery market which should not be overlooked is the once and for all sale of plant and equipment for a given investment project; such sales may be independent of financial arrangements, but are more likely to be part of a package deal in which the supplier also provides some form of special credit, either in the terms of sale or through equity participation. Frequently, East African investors purchasing equipment of foreign origin will include the hiring of management and technical skills in the terms of the contract.

In general, the machinery requirement for East African industry is of a level of technology which will utilize readily available unskilled laborers: this lowers equipment cost considerably for local investors and makes on-the-job training available to a larger number of Africans. A good example of this approach to industrialization was the choice of an Italian firm to establish the UDC's steel-rolling mill in Uganda; here relatively simple machinery and considerable manual labor, under Italian supervision, is employed.

RAILROAD CONSTRUCTION WORKERS: U.S. suppliers furnish some of the materials and equipment used to build and repair East African railroads.

KENYATTA AVENUE, NAKURU, KENYA: Streets of East African cities are busy with small cars and bicycles, increasingly popular modes of transportation in East Africa.

with the result that production costs are in much more direct proportion to the market return expected from domestic sales.

Similarly, investors in most growing industries in East Africa, textiles and soap products for example, are in the market for serviceable machinery and equipment of less technological refinement than that used for large-scale production in more advanced countries. In addition to exploring equipment sales possibilities, therefore, interested firms may wish to investigate the advantages of offering imaginative project proposals for industrial development in which the supply of plant and machinery is only one aspect of the total package. For more information on this approach to marketing in underdeveloped countries, interested businessmen may wish to contact the Office of International Investment, Bureau of International Commerce, Washington, D.C. 20230.

Transport Equipment

East Africa, like most other less-developed parts of the world, still depends on imports of transportation equipment to keep internal freight traffic circulating and permit passenger travel from one point to another. The railroad is the most important mover of goods while motor vehicles and aircraft carry much of the passenger traffic in East Africa (see Transportation Facilities, Chapter 5). The East African Common Services Organization, which operates East African Railways and Harbours—EAR&H, is the primary purchaser of rail locomotives and rolling stock. The rate of goods traffic increase for the main Kenya line was estimated in 1963 to be 3 percent per annum; 59 Class steam locomotives are currently in use, but consideration is being given to gradual changeover to diesel-electric traction.

The United Kingdom has in the past been the principal supplier of railway equipment, the purchase of which is heavily dependent on credit terms and financing arrangements as well as on suitability of equipment. A World Bank loan will assist EAR&H to meet the cost of replacing worn out assets and increasing the handling capacity of both the railroads and the ports. The $33 million total is expected to be

distributed in the following manner in millions of dollars:

Freight cars	25.2
Rails, track materials, etc.	5.0
Workshop, plant and equipment	1.4
Inland marine services equipment	.3
Miscellaneous items of equipment	1.1

This loan should afford American firms a good opportunity to obtain a share of the business.

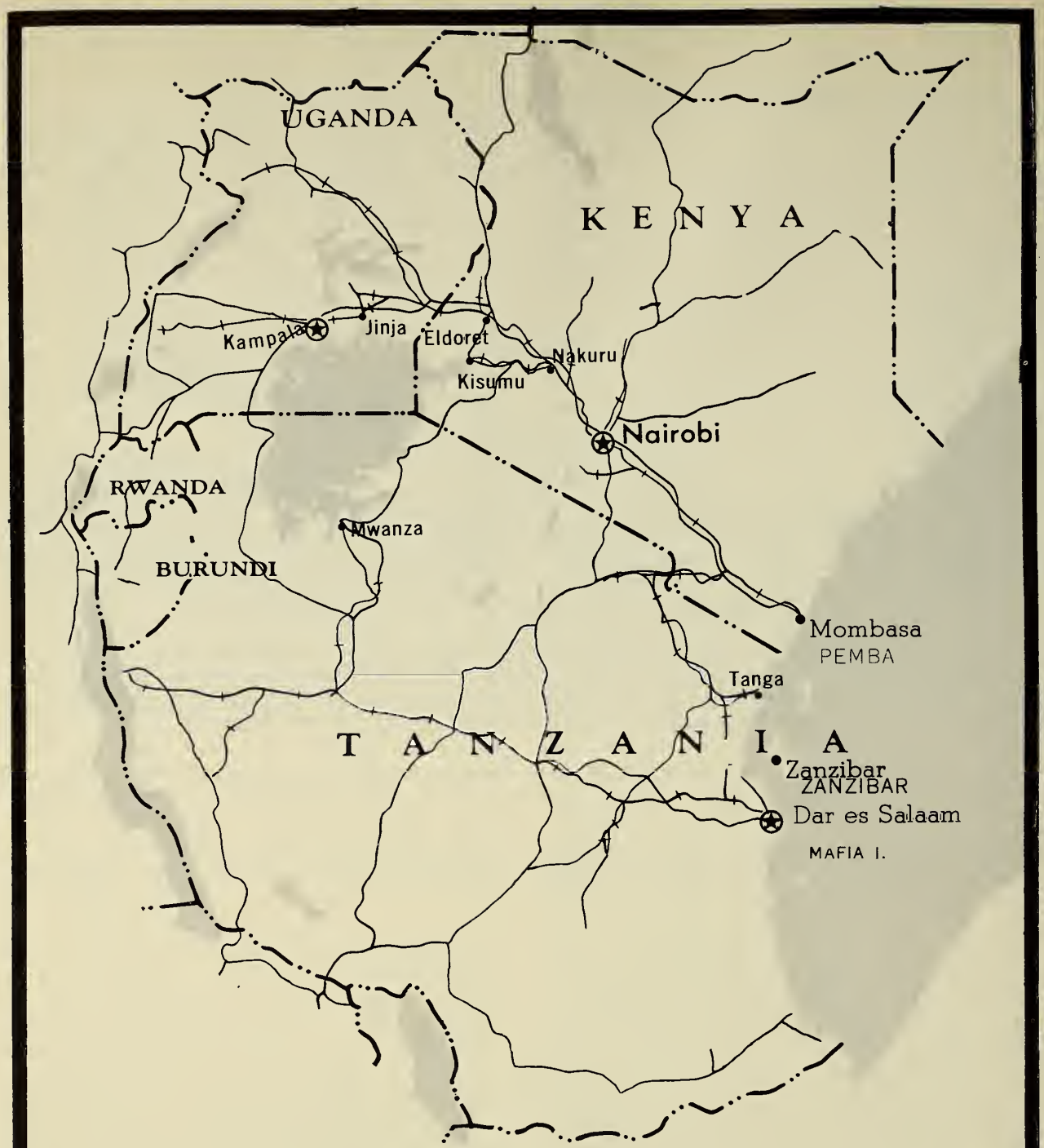
The East African Airways Corporation relies heavily on Fokker Friendships imported from the Netherlands for its internal services, and has just contracted to purchase three VC-10's from the United Kingdom to use for longer runs. Small planes are owned by private charter companies and individuals who use them for safaris, touring and other travel to points not serviced by public transport facilities. Twenty-seven were purchased from the United States in 1964 at a value of $504,970. Parts sales naturally add to the total volume of American aircraft business in East Africa.

United States motor vehicle exports to East Africa comprise only a negligible portion of the total market. Increased competition from West Germany and Japan and lack of adequate servicing facilities are factors limiting the volume of American business. In the passenger vehicle field, the larger, higher-priced American models with high rates of fuel consumption are considered for the most part to be less satisfactory on East African roads than the new small cars coming in from Europe and Japan; furthermore the high operating cost of American cars discourages many potential customers who might prefer U.S. models in other respects. Although several American firms continue to retain dealers in East Africa, the small turnover does not make it worthwhile for their representatives to stock large parts inventories nor to train mechanics to the point of offering complete maintenance and repair service. Neither has the United States yet offered East Africa a sturdy vehicle for goods transport over rough terrain.

Bicycles and to a lesser extent motorcycles are popular means of transport for Africans just beginning to enter the money economy. The United Kingdom and Japan are the principal bicycle suppliers, while most motorcycle imports come from Italy. Dunlop Rubber Company will soon begin bicycle production in Uganda sufficient to meet East African demand.

Americans have been more successful in penetrating the tire and tube market. Although the United Kingdom, France, and West Germany occupy the first-rank positions as suppliers of tires and tubes, the United States sold nearly $400,000 worth of tires and tubes in 1964, of which motor vehicle and tractor tires were the most important components. A rubber tire factory which will supply the entire East African market has been scheduled by the three countries to be established in Tanzania; several firms have been considering the project, and when a decision is reached and a plant installed, the market will be closed to imports.

Local manufacture of other motor vehicle components is also under consideration, and the feasibility of establishing plants (probably either in Kenya or Uganda) to manufacture automotive batteries, radiator cores, generators, exhaust systems, springs, and upholstery is considered good. Such projects would be open to investment participation from any part of the world; Exide Batteries has already begun production in Kenya. Assembly of finished motor vehicles, if it is undertaken at all, will probably be done by arrangement with firms already selling in the market.



Transportation Network

CHAPTER V

Marketing Practices

SALES OUTLETS

Distributive services have developed considerably since the first railroad was thrust into the interior of East Africa from Mombasa and a commercial outpost founded at Nairobi about 1900. The first traders of importance for the region were the old British companies and the Indian merchant families. They exported primary produce and supplied the settlements which quickly sprang up on the rich agricultural lands along the railroad.

Trading companies with affiliations in Europe, head offices in Nairobi or Mombasa, and branches throughout East Africa, are still the largest and most influential importers and wholesalers in the area. They may do business through purchasing agents or confirming houses in England or the continent who receive orders from the East African firms and complete transactions with suppliers on behalf of the overseas company; or the head office for a large trading company may place orders directly with foreign suppliers for all the branches.

The big trading companies engage in a variety of commercial activities—they may be importers on their own account, supplying capital goods for investment projects in which they hold an interest or for other enterprises which wish to order through them; they may act as wholesalers for a wide variety of consumer goods and capital equipment, probably carrying as many as thirty or forty sole agencies; or they may specialize in one or another product line, managing their own sales and service outlets.

Except in the case of the sole agency relationship, and even then not always, the European distributor is frequently not familiar with American products or trade practices and is skeptical about the value of undertaking to learn. American representatives with a good product to sell and a long lead time in which to begin to show a profit have found, however, that patient and persistent work on their part is starting to bring promising results.

Asian merchants also occupy a very important position in the East African trading community. These are individuals with considerable business acumen, whether they run small village dukas or retail shops, or manage large commercial complexes with export-import, industrial, and agricultural interests. Asian retailers dominate the consumer goods market in the cities as well as the countryside, buying from Indian and European wholesalers and export-import houses or importing on their own account. In either case they are generally quite familiar with international sources of supply and select those lines which they can obtain at the lowest price and sell at the highest margin. The Asian importers who supply the retail market would welcome American agencies in lines which would be competitive in the East African market, and many of the larger firms of this type would probably prove reliable and effective salesmen for American consumer goods with some sales potential in East Africa.

Another element of the Asian market which the American exporter should not overlook is the Indian industrialist who is in a position to plow a considerable amount of capital back into the East African economies and is keen to use American equipment for investment projects in which he believes the quality of our products is higher for the price than any he could obtain elsewhere. These Indians may have become established either through the development of agricultural plantations or through the building up

AFRICAN RETAIL STORE: These small shops cater to African customers. Many are run by Asians, who are active at all levels of East African commerce.

of a successful export-import business, but they are beginning now to look for ways in which to expand, and one or the other of them might consider participating in any kind of imaginative project.

One contracting firm in Uganda for example, carries agencies for and imports a variety of construction materials; this firm has now expanded its export-import business into the textile goods line and is further considering an investment in textiles which could involve American participation and equipment sales. Such a company is open to the possibility of taking on new agencies and entering into joint ventures, and frequently has the capability to succeed.

Local chambers of commerce serve these business communities and can assist American firms seeking distributors by answering inquiries and providing market information, by publicizing trade opportunities in their circular publications, and by arranging for direct personal contact with any of their members. National associations have been formed to which the local organizations in each country belong. These are: the Kenya National Chamber of Commerce and Industry, the Tanganyika Association of Chambers of Commerce, and the Association of Chambers of Commerce and Industry of Uganda. However, the strongest and most active groups are naturally those in the main commercial centers: the Nairobi Chamber of Commerce, P.O. Box 470, Nairobi, Kenya; the Uganda Chamber of Commerce, P.O. Box 2369, Kampala, Uganda; and the Dar es Salaam Chamber of Commerce, P.O. Box 41, Dar es Salaam, Tanzania.

In potential centers of industrial development, these organizations also offer whatever services they can to smooth the path for potential foreign investors. Traditionally, European and Asian traders have belonged to separate chambers of commerce, but in Kenya an attempt is now being made to consolidate the membership in a nationwide association with only one local branch in each urban area. Uganda and Tanzania have already taken steps in this direction with some success.

Two East Africa-wide investors' organizations of some importance have also been created in recent years. The East African Industrial Promotion Services has been formed by the Ismaeli, a closed religious sect headed by the Aga Khan whose members are an influential but not dominant element in the Asian community. Share participation in IPS is limited to members and institutions of the Ismaeli community and an affiliated Swiss company. This religious group has for many years played an active role in the social and economic life of East Africa, and can be expected to make a substantial contribution to development projects. Industrial Promotion Services will cooperate with government and welcomes joint venture proposals from overseas investors.

The Association of East African Industries, P.O. Box 30225, Nairobi, Kenya, is a representative organization of industrialists who seek to express views of the private sector to government and to make

available their advice and experience to both officials and potential investors. The Association publishes a list of members and their products which is a useful guide to the present character of East Africa's productive capacity.

Although the African role in business is as yet negligible, the development of competent African entrepreneurship is one of the foremost objectives of all three East African governments. Uganda has perhaps the most experience in this field, having had a training program in operation since 1938. The emphasis, to date, has been on encouraging Africans to enter the retail trade hitherto dominated by Asian shopkeepers, but it has so far been difficult for Africans who lack experience and capital and do not have direct contact with the sources of supply to operate as efficiently as their competitors. Their problem is compounded by the practice of some Asians who will sometimes distribute goods to the new African entrepreneur at prices previously prevailing for the local customer. When this occurs, the result is to force up consumer goods prices without giving the African a real entree into the commercial sector.

To assist the African to compete effectively in retail trade all three governments have created organizations which plan to import in bulk and sell directly to the African entrepreneur. African Business Promotion, Ltd., a subsidiary of the Uganda Development Corporation, performs this function in Uganda. The company will accept agency relationships with any supplier of retail goods and is specifically seeking distributorships for those lines most commonly sold in village dukas, i.e., canned foods, salt, matches, soap, aluminum ware and utensils, used clothing, and miscellaneous variety store items. In addition, ABP provides credit facilities and advisory service to Africans entering business and exercises some supervisory functions over inexperienced entrepreneurs.

Tanzania has used a slightly different approach. There the emphasis on African entry into the com-

UGANDA COOPERATIVE STORE: Through cooperatives, East Africans are beginning to assume a more active role in all aspects of production and trade.

mercial sector has been on the development of consumer cooperatives which run local retail shops and are supplied directly by a government-owned importer-wholesaler. The principal importing organization, Cooperative Supply Association of Tanazania—COSATA, will undertake sole distributorships and has been given exclusive right to import several lines such as textile goods and bicycles by the government. Israeli advisers have been assisting the government to run both the central trading company organization in Dar es Salaam, and the local shops.

In Zanzibar, Bizanje, a similar organization, has taken over control of all importing. In general, Bizanje plans to market its imports through a system of "State Stores," but some merchants are still used as agents for Bizanje, and others retain a place in the wholesale trade. Bizanje also controls all exports, except for cloves and clove products, which are the preserve of the Zanzibar State Trading Corporation (ZSTC). Under present regulations, at least 50 percent by weight of all clove exports must come from ZSTC controlled stocks. Recently private merchants in Pemba have been forbidden to buy cloves from the growers.

A trading company of Dutch origin, INTRATA, has entered into a relationship with the government of Tanzania which gives it special advantages in the handling of much of mainland Tanzania's export trade; as a result of the willingness of this company to cooperate with the government in assisting Tanzanians to exercise more control over the country's export trade, the importing branch of the firm has also been given the right to keep all of its old agency relationships and to act as exclusive importer of milk and milk products. Despite the state trading aspects of COSATA and INTRATA operations in Tanzania, their outlets must compete on a normal commercial basis with other established trading houses for most of their business, and their organizations can not be said to monopolize the distributive system.

A newly created organ to assist and develop African commercial interest in Tanzania is the National Chamber of Commerce, Industry and Agriculture. The exact functions of this organization are not yet clear however.

A National Trading Corporation was organized in April 1965 to assist Kenya's Africans to become established in commerce. The NTC intends to stock such lines as used clothing, tinned foods, kitchen wares, and patent medicines for sale to African traders; where the government wishes to assist, it will grant sole rights to import designated commodity lines to the Corporation. The NTC will do its own indenting and sell directly to African wholesalers and cooperatives. The organization also intends to play a major role in the marketing of local produce abroad.

KILINDINI HARBOR, MOMBASA, KENYA: East Africa's major port. Facilities are being expanded to handle increasing traffic.

GOVERNMENT PROCUREMENT

In line with the promotion of African participation in the private commercial sector, an attempt is being made to Africanize government procurement procedures as well. Previously, most government purchases were made through Crown Agents in London, who relied primarily on traditional sources of supply within the United Kingdom to fill these orders.

COSATA has been appointed by the government of Tanzania to act as its buying agent; whenever possible the Association prefers to establish a direct relationship with a supplier chosen from among competitive tenderers.

It is intended that the National Trading Corporation should perform the same function for the Kenya government. Many ministries and other public agencies still place their own orders, however, and although contacts with new suppliers are desired, the effort required to become familiar with worldwide sources of supply and international bidding procedures is too much for most to afford. The same is true for Uganda, even though a Central Tender Board has been created to handle procurement for the public sector.

Whenever they are received in time, the U.S. Department of Commerce publishes government tender notices in *International Commerce*, issued weekly at an annual subscription rate of $16.00.

Of course local traders are encouraged to bid on government orders wherever feasible, and exporters with agents already established in East Africa are generally more likely to get government business than newcomers. As a matter of policy, government will purchase a locally produced item rather than an imported one whenever the desired item is available within the country.

The requirement of most foreign assistance donors, including the United States, that funds granted or loaned to East African governments be used solely for procurement in the donor country, is gradually helping to familiarize African officials and the contractors who prepare specifications for them with other possible sources of supply. Opportunities to bid for contracts financed by A.I.D. are announced regularly in *Commerce Business Daily*, available at an annual subscription of $15 through any Department of Commerce Field Office or the U.S. Superintendent of Documents, Washington, D.C., 20402. The A.I.D. routinely publishes project and tender announcements in Small Business Circulars classified according to industry. Anyone interested may be placed on the automatic mailing list for the appropriate industry series of Small Business Circulars simply by writing to the Agency for International Development, Washington, D.C., 20523.

TRANSPORT FACILITIES

An important ancillary to the distributive system is the transport network. The bulk of the freight traffic (79 percent in 1964—see Table 22) enters East Africa through the port of Mombasa. Deep water berths are adequate to handle 12 ships at a time and tonnage passing over the docks amounted to 4.8 million harbor tons in 1964. Construction of two additional deep water berths is to be completed by 1967. From Mombasa most goods move by rail into Kenya and Uganda and northern Tanganyika on the main Kenya-Uganda line, which carried some 8 million gross tons in 1963. With its branches, this line totals over 1,400 miles.

The Central Tanganyikan Railway services the interior of that territory with an east-west line of 780 miles which carried over 2 million gross tons in 1963, and branches running south to Mbeya near the Zambian border and north to Mwanza on Lake Victoria. Dar es Salaam, the terminus port for this railway, is the only other important deep water port in East Africa; its facilities can accommodate three ships at a time, and over 1 million harbor tons were handled at its wharves in 1964. Lighterage facilities at smaller ports along the coast and in Zanzibar handled around 400,000 tons in 1964.

Although railroads still carry most of the bulk freight over long distances, highway transport provides the necessary feeder links and is becoming increasingly competitive for long-distance hauling as well. Most roads in East Africa are not paved, but the main natural surface routes are hard-packed and generally well-maintained. The heavily traveled Mombasa-Nairobi-Kampala highway is now 75 percent paved and will be completely finished by 1967. The network pattern serves comparatively well those areas expected to be centers for further agricultural and industrial development.

Highway development has been given high priority by East African governments, both to improve conditions of existing roads, particularly the Mombasa-Nairobi link, and to construct additional feeder routes. Regular road services operate over 2,685 route miles. Licensed motor vehicles numbered 179,606 in 1963, of which 21,134 were lorries and trucks.

Steamer traffic on Lake Victoria at the junction of the three countries carried 331,000 tons of cargo in 1961 and continues to be an important though relatively diminishing mode of internal freight haulage.

Excluding highways and air service, all transport facilities (except on Zanzibar) are administered by the East African Railways and Harbours Authority of the East African Common Services Administration. Africanization of the staff is going forward, and the

RAILROAD YARDS: Railways connect all main commercial and industrial centers in East Africa.

period of transition, coming as it does at a time when the traffic flow is increasing, has resulted in some delay in the handling of goods. Average time for the movement of a shipment from vessel to customer in Nairobi is about 3 weeks; an additional 5-8 days are required for it to reach Kampala. Uncertainty about delays in transit is forcing dealers either to stock larger inventories of goods and parts than they would like or to render inadequate service. However, this should be a temporary problem and is not expected to reach serious proportions.

Air transport is used primarily for the movement of persons rather than of goods, but in an area where one business center serves an extensive regional market, the services of East African Airways in this regard are extremely important. The East African Airways Corporation is owned jointly by all three governments; its smaller planes fly into all the commercial airports of East Africa at least once a week, and serve the larger cities several times daily. It also operates an international service to and from Europe and India.

The airline carried 236,000 passengers in 1964 (see Table 23) and plans to add more runs to handle increasing traffic. The Corporation is also considering ways in which to improve its freight-carrying capacity; its planes already carry about 5,000 tons per annum.

Air links also have a vital contribution to make to the tourist industry; in this connection recent negotiations to expand international air services both by the granting of landing rights to new foreign airlines and the extension of EAAC's own flight pattern could bring valuable new custom. East Africa is already served by several major airlines, flying to major capitals all over the world. A new weekly service linking East Africa and the U.S. on a direct flight via Lagos has recently been inaugurated by Pan American.

Other communications facilities linking the major nerve centers of East Africa include radio, telephone, and telegraph. The East African Posts and Telecommunications Administration operates the telephone and telegraph facilities as well as supervising the postal service. Radio broadcasting systems are, however, the prerogative of the individual governments, which both operate the transmitters and plan the programs.

CREDIT PRACTICES

Lending institutions perform an important service for the distributive sector of the East African economy, since even the most reliable of importers are not always able to finance their orders in entirety with cash in hand. Commercial banks are not subject to formal credit controls and under ordinary circumstances their resources should be sufficient to meet normal requirements. However, the high rate of capital outflow which characterized the period immediately prior to independence caused the bank deposit rate to fall. The failure of commercial bank deposits to grow at the same rate as the demand for credit has put the banks in a position where they are now fully extended and cannot meet the rising credit needs of the growing economy. Extension of liberal credit terms to reliable importers by their suppliers is therefore an extremely important factor in making a sale in East Africa. In this area Americans have shown themselves considerably less competitive than their European and Asian counterparts.

Short-term credits for the purchase of goods to be sold immediately give the importer from 90 to 180 days after arrival to pay. The more important long-term credits for the purchase of capital equipment which can not be amortized quickly have been extended by firms in Italy and Germany for as much as 7 years, with a 5 percent payment at time of order and a 10 percent payment on delivery up to a year later. Some Japanese businesses have extended similar credit for 10 years. The German, Italian, and Dutch governments discount paper for their exporters on similarly liberal terms at low rates of interest.

Although commercial banks are not in a position to guarantee import credits, bankers are a reliable source of information as to the reputability of local trading companies. Eight banks are headquartered in Nairobi with branches throughout East Africa; two of them, Commercial Bank of Africa and Standard Bank, Ltd., have affiliations with American banks, Bank of America and Chase Manhattan, respectively. A ninth, National Bank of Pakistan, operates only in Tanzania.

Total bank deposits amounted to $376 million in 1964, of which $342 million were advanced to meet both private and public sector needs. The recently promulgated exchange controls are expected to slow down the flow of capital from East Africa to other parts of the sterling area and deposit levels should rise; however, increasing import demand is expected to exert continued pressure on the lending capacity of commercial banks.

Import credits are also available on soft terms from various public sector agencies. These institutions have, for the most part, been created to assist the development of African agriculture and entrepreneurship, and frequently will lend to cooperatives, plantation holders and industrialists for expansion projects which will benefit the overall economy, as well as to traders and capital goods consumers to meet immediate needs.

The East African Currency Board has been authorized to extend seasonal agricultural credit; several of Kenya's agricultural lending agencies have been consolidated in an Agricultural Finance Corporation, and a Land and Agricultural Bank also lends money for purchase of land and for permanent improvements. In Uganda, African Business Promotion, Ltd., and the Uganda Commercial Bank both offer import and development finance services. The Tanganyika Finance Corporation, Ltd.—a branch of the National Development Corporation—serves a similar function for Tanzania. In addition, the Tanzanian Government has recently created its own commercial bank in which the banks already established in the country hold equity participation.

Apart from development corporation funds and privately-held capital funds, long-term finance is available within East Africa from various private investment finance houses, building societies, and insurance companies, as well as from development subsidiaries of the commercial banks. Loans are made at rates of interest ranging from 7 percent to 9 percent. Postal savings systems in all three countries draw small holdings from Africans in the money economy, but can not yet be considered a major source of capital.

A limited stock exchange has developed in Nairobi, and most of the principal companies in East Africa list their shares for trading in that market. A new issue, if attractive enough, can frequently call forth local investment capital; government bonds are floated in Nairobi as well as in London and some funds generated in East Africa are also invested in this form of development finance. Following the imposition of exchange controls vis-a-vis the sterling area, the value of investment on the Stock Exchange rose appreciably.

ADVERTISING AND MARKETING

A variety of newspapers and magazines are read by the East African consuming public, in both English and Swahili, and specialized trade and industry

NAIROBI AIRPORT: The independent East African Airways offers comfortable and convenient transportation to travelers in East Africa.

YOUNG NEWSPAPER READERS: This special edition commemorating U.S. astronaut Gordon Cooper's space exploit has caught these young students' eye. Newspapers are read widely in East African cities.

journals are also published by various of the local business groups, commodity marketing boards, and government institutions. Advertising rates may vary from $1.40 to $4.20 per column inch. Another popular form of advertising for consumer articles is the film short; a number of these are run with each showing in local movie houses—rates range from 7 to 25 cents per foot per week.

Commercial radio broadcasting facilities operating out of Nairobi and Dar es Salaam offer similarly broad coverage. Television has been introduced in Uganda and Kenya, but is not yet highly developed. Posters and points of sale reminders are an important part of the advertising package in East Africa; brochures and special advertising materials can be prepared by local printers at standard rates.

The role of packaging is an extremely important sales factor in East Africa. Eye appeal has proven to be the most effective means of attracting consumer attention, and the supplier who takes into account consumer tastes in color and design and appeals to attitudes and habits peculiar to the locality will have the most success in the market. Good salesmanship is itself the most important element in putting over a product, particularly with wary customers. Clear and simple operating instructions, displays of products in use, sample handouts, and frequent personal contacts are all vital tools for the successful salesman in East Africa.

Four advertising agents operating out of Nairobi offer a full range of sales promotion services throughout East Africa: S. H. Benson (Africa) Ltd., Grant Advertising Inc., Skyline Advertising Ltd., Taylor Advertising Ltd. A complete selection of economic research and consultant services is offered by the Economist Intelligence Unit, Spencer House, 27 St. James's Place, London, SWI, which regularly publishes regional economic reviews and supplementary studies in developing countries, and prepares materials for clients on a commission basis according to their specific needs. The EIU maintains a research office in Nairobi, located at 56 Marlborough Rd., P.O. Box 14210. Other private firms are prepared to perform advertising services and undertake special market research projects for business clients in each of the three countries individually. The Chambers of Commerce and the Government Ministries responsible for commerce and industry also perform some functions of this type.

HINTS FOR SELLING

General considerations which the American exporter who has decided to enter the East African market might keep in mind about the system of distribution may be summed up as:

1. No one large firm nor any group of firms dominates the import or export trade of East Africa. In Tanganyika, for example, the largest single importer does not import as much as 5 percent by value of the total imports from overseas. Nor is there yet any clear distinction between importers, wholesalers, subwholesalers, and retailers.

2. In general, European trading houses handle industrial and agricultural machinery and implements, pharmaceuticals and chemicals; both European and Asian firms carry building materials, hardware, consumer durables, and automobiles; Asians are the principal importers of piecegoods, clothing, foodstuffs, and household wares. Traders are likely to become more specialized as volume increases, and the demand of Africans for an expanded share of the business more insistent.

3. The reliability of traditional local agents to do sales promotion work cannot be depended upon, since most major companies are overloaded with distributorships. Less well-established firms may give more attention to American agencies, but their credit worthiness

and business reputation should be checked with local banking sources before final contracts are signed. In either case, a resident representative to supervise local agents in East Africa is highly desirable. (Notes for businessmen planning to visit East Africa personally are included in Appendix E.)

4. The function performed by the European purchasing agent or confirming house is invaluable to importers who like to follow the practice of specifying a desired item and letting their buying representative in the exporting country take the responsibility of selecting a supplier. The fact that this kind of service is not readily available in the United States limits the extent to which importers are likely to turn to us as a reliable source of supply. American export-import houses and managers could perform this function, but in general have not yet begun to do so.

5. American unwillingness or inability to provide adequate servicing facilities for consumer durables and capital equipment is a serious deterrent to sales; servicing and parts sales are particularly important just now when transport bottlenecks may easily delay replacement shipments. Packing of perishable or fragile commodities for this market also requires special attention, since port handling is often extraordinarily rough and transshipment frequently occurs.

6. In many instances, American prices are holding steady while European prices are rising. This advantage is often lost, however, because exporters fail to offer competitive credit terms. It should not be necessary to require letters of credit from established importers; sight-drafts and time-drafts are the more common forms of payment employed in East Africa. Flexibility and speed are important in negotiating long-term credits. It will facilitate sales considerably if prices are quoted c.i.f. rather than f.a.s. or f.o.b. In general, clarity of price quotation is vital to successful selling—an effort should always be made to quote in terms with which the East African importer will be familiar.

7. Because Nairobi is commercially well-developed, most of those marketing services normally available in any important distribution center can be found there, and American businessmen should not hesitate to rely on them in developing sales promotion drives geared to the East African market.

8. The U.S. Commercial Office in Nairobi operates a sample display showroom where Americans who wish to test the market reaction to their products may exhibit. An attendant is on duty at all times to explain products to visitors and make note of potential buyers for exhibiting firms. Information about the mechanics of exhibiting is available from the Office of International Trade Promotion, U.S. Department of Commerce, Washington, D.C., 20230.

CHAPTER VI

Trade Regulations

TARIFFS AND TAXES

Kenya, Uganda, and mainland Tanzania currently comprise a *de facto* common market and do not apply import duties or taxes to inter-territorial shipments; however quota restrictions are imposed by Tanzania against a number of goods originating in Kenya and Uganda to offset an interterritorial trade imbalance and encourage domestic manufacturing industries. Zanzibar maintains a separate customs tariff and has never been formally associated with the East African common market or its administrative unit, the East African Common Services Organization. Zanzibar's trade policy and customs regulations therefore remain somewhat different from those of mainland Tanzania and of her other East African neighbors.

The foreign trade policy of Kenya, Uganda, and Tanzania is intended to promote exports and minimize barriers to the importation of commodities which are necessary for purposes of economic development and domestic well-being. High duty rates on certain goods provide the three governments with an important source of revenue as well as protecting local producers and limiting the importation of luxury items.

The countries of the East African common market have a one-column tariff with import duties applying equally to all countries. Except for a very few items, import duties are uniform for all three countries. Zanzibar also has a one-column, non-discriminatory customs tariff.

Although some items are admitted duty free, there are ad valorem import duties on most items ranging from 12.5 to 75 percent. Specific duties likewise cover a wide range of rates. The amount of duty depends mainly on whether the item is considered an essential or a luxury, and on whether it is readily available from local producers. Duty exemptions, suspensions, or refunds are granted for certain purposes deemed to be in the public interest.

No customs surcharges are imposed in the East African common market. Zanzibar, however, levies a trade tax and a wharfage surcharge on all imports.

Imports into the East African common market of beer, sugar, cigars, cheroots, cigarillos, cigarettes, pipe tobacco, snuff, matches, spirits, wines and mineral waters, and similar beverages are subject to excise taxes. Mainland Tanzania levies a registration tax on imported automobiles.

IMPORT AND EXPORT CONTROLS

While trade among the countries of the East African common market is generally unrestricted, import licensing and quota regulations have been imposed on certain items, particularly in cases where an unfavorable balance of trade exists between two of the countries.

Most imports into Kenya and mainland Tanzania (including those from the United States) are freely admitted under Open General License; each country requires a specific import license for certain items, however. In the case of Uganda, there is no general import licensing system; nonprohibited goods are either freely admitted (as are most U.S. goods) or require a specific import license.

All commercial transactions involving foreign exchange in these countries are subject to control, but release of foreign exchange to the importer is usually guaranteed for goods covered by a valid import license.

While most items may be exported from East Africa under Open General License, specific licenses are required for a few selected goods. Export controls are imposed to conserve domestic supplies of certain goods or to regulate the exportation of commodities of special monetary, aesthetic, or strategic value. An attempt is made to facilitate the issuance of licenses for goods covered under bilateral trade agreements.

SHIPPING DOCUMENTS AND CERTIFICATIONS

No prescribed form of invoice or consular document is needed for shipments to these countries, with the exception of Zanzibar, and there are no consular fees. Documents required are the commercial invoice, the bill of lading and certain sanitary and other certificates. A packing list, although not required by law, facilitates clearance through customs.

The ordinary commercial invoice will be accepted in Kenya, mainland Tanzania, and Uganda in support of import entry declarations, provided it contains sufficient information to enable a full customs declaration. The invoice must show the quantity of the goods and their true market value in the United States, plus all costs of packing, insurance, and freight up to the port of entry. The invoice must also show the exact nature of any discounts and/or commissions given by the seller to the buyer. The number of the import license, which the shipper in the United States has ascertained from the importer, should be noted on the invoice.

Trade goods, i.e., packages other than those addressed to a private individual for his own use, which are shipped by parcel post to these countries and exceed $28.00 in c.i.f. value must be accompained by the proper customs invoice.

All shipments to Zanzibar must be accompanied by a Zanzibar customs invoice or an acceptable alternative form.

There are no special regulations regarding the preparation of bills of lading and only the particulars usually shown on such documents need be inserted. Packing lists, if used, should contain the following information: marks and numbers of packages; gross and net weight of each package; and a careful description of each package and its contents.

Every imported animal must be certified by a qualified veterinary surgeon that it was free of disease at the time of exportation. The importation of plants and seeds into Kenya, Uganda, and mainland Tanzania requires a special permit from the Director of Agriculture. In both cases the imported goods are subject to examination at the point of entry. All plants will be destroyed unless accompanied by the special permit although certain seeds will not be destroyed.

U.S. SALES OUTLETS: Billboards and shop fronts in the downtown areas of all the larger East African cities carry the names of U.S. products.

LABELING, MARKING, PACKAGING

There are no specific requirements as to the labeling or marking of imported goods except for condensed milk, paints and varnishes, and vegetable and butter ghee. However, all goods bearing any wording in the English language should indicate the country of origin. Markings or information which would falsely give the impression that the item was of British origin or manufacture are prohibited.

Under the weights and measures ordinances of the different countries, all goods sold by weight or measure shall be sold by avoirdupois weight or by imperial measure. Eventual conversion to the metric system is anticipated. Exceptions are made for gold, silver, diamonds and other precious stones.

Imports of pharmaceutical products from the United States may be labeled according to U.S. Pharmacopoeia standards.

All goods should be securely packed to withstand excessive tropical heat, moisture, rough handling, and pilferage. East African importers recommend that American shippers avoid use of thin cardboard and plywood containers because such containers are easily broken into and readily damaged if exposed to the weather. To ensure safe arrival at the port of

destination all packages should be of sturdy construction, properly supported, preferably on the inside, and banded on the outside with steel strapping.

CUSTOMS PROCEDURES

Goods imported into these countries may be entered for domestic consumption, transit, transshipment, or warehousing. Goods unentered at port of entry are removed to a government warehouse after 21 days from the date of commencement of discharge and, if still unentered, are sold on the expiry of 3 months therefrom and after advertisement in the appropriate Official Gazette.

Goods entered for domestic consumption are subject to duty payment; they may be warehoused temporarily. Refund of duties paid at time of importation can be obtained if goods are subsequently reexported or lost or destroyed before clearing customs, or if duties were paid in error.

Goods may be entered for warehousing and stored in a bonded warehouse for a period of 2 years, and, if not rewarehoused or cleared by the owner, they may be sold by the customs collector. Dutiable goods on first importation may be stored in a bonded warehouse without payment of duty.

Goods entered in transit are allowed to pass through the countries under security bond. Goods entered for transshipment may be transshipped direct from the importing vessel or be transshipped within 21 days if the appropriate customs officer permits. In both cases goods entered under bond on which import duties were not paid may be reexported from a bonded warehouse without payment of import duties.

Goods deposited in a government warehouse are subject to such rent and other charges as may be prescribed. If these charges are not met, the goods may be sold and the proceeds applied to the charges. Goods which have been abandoned to the customs will be destroyed or disposed of at the owner's expense.

Requests for advance rulings on customs classification of merchandise not specifically mentioned in the customs tariff or on doubtful classifications may be submitted in writing (together with a sample, if practical, or advertising notes) to the Commissioner of Customs and Excise at any Customs House in Mombasa, Nairobi, Dar es Salaam, Tanga, Kampala, Jinja, or Zanzibar. Such advance rulings are not, however, binding on the authorities.

SAMPLES AND ADVERTISING MATTER

Samples which the Commissioner of Customs and Excise may decide are of no commercial value are admitted into these countries free of duty. The duty on samples not exempt from payment of duty may be paid on entry and the deposit refunded, provided the samples are reexported within 6 months of the date of importation.

Imports of samples and advertising matter into mainland Tanzania are subject to the regular licensing requirements of that country; documentary requirements are the same as for all commercial imports.

Price lists and catalogs are permitted duty-free entry. Showcards and similar printed matter, and advertising goods or services originating outside East Africa and imported for advertising purposes only, but not including calendars, diaries, date indicators, desk pads, and other advertising stationery, are also admitted free of duty.

U.S. EXPORT CONTROLS

All exports from the United States or its possessions to East Africa are subject to the rules and regulations of the Office of Export Control, Bureau of International Commerce, U.S. Department of Commerce, except for exports of arms, ammunition, and implements of war, which are licensed by the U.S. Department of State; gold (except fabricated gold with a gold content value of 90 percent or less) and narcotics, licensed by the U.S. Department of Treasury; tobacco plants and seeds, licensed by the U.S. Department of Agriculture; vessels, licensed by the U.S. Maritime Administration; natural gas and electric energy, licensed by the Federal Power Commission; and certain source material and facilities for the production of fissionable material, licensed by the Atomic Energy Commission.

The regulations concerning export control set forth in the Comprehensive Export Schedule and supplementary Current Export Bulletins may be purchased from any Field Office of the U.S. Department of Commerce or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, at an annual subscription rate of $7 ($2 additional for foreign mailing). Airmail service on the supplementary bulletins is available, to domestic subscribers only, at an additional cost of $4 a year.

A Shipper's Export Declaration must be filed with the Collector of Customs for shipments requiring a validated export license and for most shipments under a general license. Information regarding the declaration may be obtained from the Foreign Trade Division, Bureau of the Census, U.S. Department of Commerce, Washington, D.C., 20233.

A destination control statement is necessary for all shipments requiring a validated export license and most shipments made under a general license. This includes virtually all commercial shipments from the United States. The major exceptions to the requirement for an appropriate statement are shipments intended for consumption in Canada (other than beet and cane sugar); shipments transiting the United States which do not require a validated export license; and shipments of certain publications and unclassified technical data.

Appendixes

APPENDIX A

Market Profile—East Africa (Kenya, Uganda, Tanzania)

Additional information concerning export control requirements for shipment to East Africa may be obtained directly from the Office of Export Control, Bureau of International Commerce, U.S. Department of Commerce, or from any of the Department's Field Offices.

For a more thorough review of all the topics included in this chapter, an *Overseas Business Report* titled, "Foreign Trade Regulations of East Africa," will soon be published by the Department of Commerce. The publication will be for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Information on duty rates for specific items is available through the Department of Commerce Field Offices or from the Africa Division, Office of International Regional Economics, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

The three East African countries of Kenya, Uganda and Tanzania maintain a *de facto* common market with no taxes or duties across inter-territorial borders and support a common services organization which administers tax, customs, and excise collections and supervises mail service, telecommunications, railways and harbors. The longstanding common market arrangement which prevails in East Africa is a unique example of regional economic harmonization on the African continent. Zanzibar is not included in the common market area however.

Foreign Trade

Imports—$429 million in 1964, $410 million in 1963. Percentage distribution, 1964: Kenya, 50%; Uganda, 21%; Tanzania, 29%. Major suppliers: United Kingdom, 32.1%; Japan, 12.6%; West Germany, 8.8%. U.S. share: 5.8%. Principal imports: Motor vehicles, petroleum products, farm equipment, road-building machinery, mining apparatus, irrigation equipment, cotton fabrics, construction materials, canned goods, hardware, cosmetics, pharmaceuticals, electrical appliances. From the U.S.: Agricultural equipment, heavy machinery, clothing.

Exports—$509 million in 1964, $478 million in 1963. Percentage distribution, 1964: Kenya, 26%; Uganda, 35%; Tanzania, 39%. Major markets: United Kingdom, 21.8%; United States, 15.9%; West Germany, 9.5%. Principal exports: coffee, sisal, cotton, tea, diamonds, copper, meat.

Trade Policy—Kenya, Uganda, and Tanzania maintain separate but similar single-column tariffs and common customs administration. No restrictive licensing controls applicable to U.S.

Foreign Investment

U.S. investment interests minor, principally sales outlets and shipping line properties. Goods, capital, and labor flow freely within the common market except in certain industries which each country is developing domestically. Foreign Investment Protection Acts and Investment Guaranty Agreements in force in all three countries. Foreign private capital welcome.

Finance

Currency—East African currency pegged to sterling assets circulates in all three countries, exchanges at rate of 1 EA £ = US$2.80. By mid-1966 Kenya, Uganda and Tanzania intend to begin issuing separate currencies which will remain pegged to sterling and exchange at par with one another.

Domestic Credit—Commercial banks not subject to formal credit controls. East African Common Currency Board performs clearing house functions. Relatively expansionary credit policy has brought banks almost to limit of lending capacity.

Domestic Investment—1963 gross capital formation estimated $201 million; over two-thirds derived from private sector.

Public Finance—Most taxes and customs duties established by national legislatures and collected by East African Common Services Organization (EACSO); generally uniform throughout region. 1963/64 budget estimates for revenue and expenditure levels: Kenya—$142.8 million R, $154.0 million E; Uganda—$72.8 million R, $89.6 million E; Tanganyika—$109.2 million R, $109.2 million E; EACSO General Fund—$18.2 million R, $18.2 million E.

Foreign Aid—Total grant and loan assistance: $200 million in FY 65. U.K. responsible for 33%. U.S. contributed $21.6 million.

Balance of Payments—East Africa enjoys a trade surplus and has had no difficulty meeting the demand for foreign exchange.

Economy

National Income Accounts—Gross domestic product for 1963 estimated $1,869 million. Agriculture, livestock, forestry, fishing and hunting, mining and quarrying accounted for $1,089 million. Average growth rate about 6% annually.

Agriculture and Industry—Economy principally dependent on export of primary agricultural commodities. Industry beginning to develop, particularly around Nairobi. Except for copper in Uganda and diamonds in Tanzania, mineral resources not known to exist in significant quantities; fishing industry offers potential, as yet largely undeveloped.

Commerce—Large foreign trading companies and Asian merchants control distribution system. Consumer cooperatives developing commercial importance. Retail prices drifting gradually upward.

Tourism—Development of tourist attractions and improvement of travel facilities important to economy. Tourism expanding rapidly: 85,000 tourists visited East Africa in 1964, spending over $33 million.

Development Plans—Uganda's first Five-Year Plan ends in mid-1966, and second under preparation; new Five-Year Plans passed by Kenya and Tanzania during 1964. Three plans stress expenditure in agriculture, roads, railways and school construction, look to foreign capital for industrial development.

Basic Economic Facilities

Transportation—East African Railways and Harbours Administration operates 3,454 miles of railways, and passenger and goods services on Lake Victoria. Three countries maintain 50,000-mile road network, mostly earth-surfaced but serviceable. Four ports and three airfields handle international traffic.

Communications—East African Posts and Telecommunications Administration operates telephone, telegraph, and postal services on commercial basis. Kenya, Uganda, and Tanzania rely on radio for internal mass communication; Kenya and Uganda are developing television facilities.

Power—1964 electricity production 1,037 million kw-hr. Although all three countries generate electricity, Kenya partially dependent on purchases from Owen Falls hydroelectric station in Uganda.

Natural Resources

Three countries cover 680,000 square miles. Equatorial location somewhat offset by high altitudes; climate is mild and agricultural lands rich.

People

Population—Estimated in 1964 at 26.8 million, with 9.1 million in Kenya, 10.3 million in Tanzania, and 7.4 million in Uganda. Average annual growth rate of almost 3%. Nairobi (155,000), Mombasa (112,000), Dar es Salaam (180,000), and Kampala (56,000) are major urban centers.

Language—Official languages are English and Swahili.

Education—Literacy rate about 20%; facilities for higher education now being developed.

Labor—Force numbered slightly over one million in 1962, growing faster than it can be absorbed, particularly in Kenya.

APPENDIX B

East African Organizations Fostering Trade and Investment

Development Corporations

Development Finance Corporation of Kenya—Stimulates the flow of private investment by providing loans or share capital to fill marginal gaps in private project finance. Organized 9/13/63; one-third ownership each by Kenya Government, West Germany, U.K.

Industrial Development Corporation—Operates a fund to provide loans for African industrialists in Kenya. Established 1955; wholly Government owned.

Uganda Development Corporation—Furthers economic and industrial development of Uganda by participating with Uganda industrialists and overseas investors in network of subsidiary corporations which receive financial and/or technical assistance from parent company. Organized 6/12/52; limited liability company in which Government is sole shareholder.

National Development Corporation—Serves as the main initiator of development investment in Tanzania. Organized 1/1/65; wholly Government owned.

Public Financing Institutions

Agricultural Development Corporation—Promotes and executes agricultural development in Kenya by providing credit facilities and taking up capital subscriptions in worthy projects. Established April 1965; wholly Government owned.

Uganda Commercial Bank—Provides commercial banking and credit facilities and mobilizes small savings. Established 1950 as a credit and savings bank; Government owned and operated.

Tanganyika Development Finance Company—Provides local finance for private sector investment and for projects of National Development Corporation, of which it is now a subsidiary. Established 1962; one-third ownership each by Tanzania Government, West Germany, U.K.

Government Trade Organizations

National Trading Corporation—Serves as importer for African cooperatives and businessmen in Kenya; exclusive importer of certain consumer goods; sole procurement agency for Government. Established 1965; wholly Government owned.

African Business Promotion Ltd.—Assists Uganda's African traders by offering facilities such as confirmation services, credit guarantees, tender discounts, and special training. Subsidiary of Uganda Development Corporation.

COSATA—Cooperative Supply Association of Tanganyika—Government-sponsored consumer cooperative formed to carry on both wholesale and retail business. Possesses exclusive right to import certain lines but competes with private sector for most other business. Acts as purchasing agent for the Government. Established 9/21/64; Government ownership, originally Israeli management but now amalgamated with INTRATA (see below).

INTRATA—International Trading and Credit Company of Tanganyika—Exclusive exporter for primary commodities not sold by direct auction and importer and wholesaler in certain lines, primarily equipment. 51% Government ownership, 49% private Dutch interests, since 1963.

Mwananchi Development Corporation and affiliated companies (trading, publishing, ocean products, industrial and agricultural, engineering and contracting)—Represents TANU, Tanzania's ruling political party, in the business world—both in commercial and investment enterprise. Established 1962; all capital shares held by TANU.

Bizanje—Controls all external commerce. Government of Zanzibar buying and selling organization with monopoly control of all trade except export of cloves, coconuts and their products.

Zanzibar State Trading Organization—Sole exporter of cloves, coconuts and their products for Government of Zanzibar.

Private Associations

Association of East African Industries—Maintains communication with the public to ensure that the products of local industry are known to potential markets both home and abroad; advises potential industrialists on market possibilities, taxation, labor, tariffs and land. Organized 1959; membership—private East African industrialists.

East African Industrial Promotion Services—Promotes East African enterprise on a non-profit-making, non-racial basis by forming 3-way partnerships with foreign and local interests. Organized 1963 by Aga Khan: membership open to members of Ismaeli community.

Kenya National Chamber of Commerce and Industry, Tanganyika Association of Chambers of Commerce, Association of Chambers of Commerce and Industry of Uganda—national organizations whose constituent members are the various local business groups in the three countries and whose primary functions are to facilitate cooperation within the East African business community and to aid in the conduct of international commerce.

East African Representation in the United States

Embassy of the Republic of Kenya—1875 Connecticut Avenue, NW., Suite 920, Washington, D.C., 20009.

Embassy of Uganda—5909 16th Street, NW., Washington, D.C., 20011.

Embassy of the United Republic of Tanzania—1818 Q Street, NW., Washington, D.C., 20009.

APPENDIX C

American Firms, Subsidiaries, and Affiliates in East Africa

American Life Insurance Company
Anglo American Film Distributors, Limited
Burroughs Machines, Limited
Burroughs Wellcome & Company (E.A.), Ltd.
B & G Stamp Company, Limited
Caltex Oil Company
Caspair, Ltd.
Caterpillar Overseas
Coca-Cola Bottling Company
Commercial Bank of Africa (Bank of America)
Dow Chemical International
Esso Standard (East Africa), Ltd.
Essex East Africa, Ltd. (Shering Corporation)
Farr Whitlock Dixon (East Africa), Ltd.
Farrell Lines International Corporation
Firestone (E.A.), Limited
FMC Corporation
Ford Motor Company
Friden, Inc.
General Electric Company
General Motors Corporation
Goodyear (E.A.), Limited
Grant Advertising, Inc.
Intercontinental Services, Ltd.
International Animal Exchange
International Business Machines, Limited
International Harvester
Jonas Brothers
Kaiser Jeep Overseas
Kodak (East Africa), Limited
Lykes Line Agency
Metro Goldwyn Mayer Films, Limited
Mobil Oil (East Africa), Limited
National Cash Register Company, Limited
Pepsi Cola, Limited
Pfizer Laboratories, Limited
Remington Rand, Limited
Robin Lines
Safari Air Services, Limited
Singer Sewing Machine Company
Skyline Advertising, Limited
Sterling Drug International
Sumlin-Berger & Associates
Twentieth Century Fox Films, Ltd.

APPENDIX D

U.S. Marketing Aids

The Department of Commerce both in Washington and through its 42 field offices in principal U.S. cities, offers a range of activities, services, and publications designed to assist the U.S. businessman trading overseas. The U.S. manufacturer or exporter considering the East African market is encouraged to use these aids, and those available from other sources. One or more of the following services, publications, or sources may be helpful.

DEPARTMENT OF COMMERCE SERVICES:

Trade Missions—The Department of Commerce organizes trade missions to countries overseas. The mission members meet with foreign business groups, private businessmen, and Government officials, and present business proposals submitted by U.S. companies. A mission visited East Africa in 1963. The mission's report may be obtained for 35 cents from any of the Department of Commerce Field Offices or the Sales and Distribution Section, U.S. Department of Commerce, Washington, D.C. 20230.

Sample Display Service—As mentioned earlier, some U.S. embassies, including the one in Nairobi, are equipped to help find agents or distributors for U.S. firms with the aid of displays of the firm's products. Showrooms are available at these embassies. This service is described in the Department of Commerce publication *Sample Display Service*, available from the Superintendent of Documents, Washington, D.C. 20402, for 10 cents.

Trade Contact Surveys—This is another service designed to aid a U.S. firm to locate a qualified agent, distributor, or licensee overseas. The survey is made for individual firms by request to the Department of Commerce. It is conducted by U.S. Embassy Commercial Officers, who contact local firms and report on those (three, if possible) who express an interest in meeting the firm's requirements. The report also includes marketing data for the products involved. A charge of $50 is made for each survey. Details and application forms are available from any Commerce Department Field Office or the Commercial Intelligence Division, U.S. Department of Commerce, Washington, D.C. 20230.

Sales Literature Displays—The commercial libraries of the American Embassies in East Africa pro-

vide facilities for the display of sample literature. For information write the Office of International Trade Promotion, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230, or contact a Department Field Office.

Specific Information—Requests for specific information about any aspect of the East African economy or about customs duties, or licensing and documentary requirements applicable to imports of particular commodities into East Africa, should be directed to any Commerce Department Field Office or to the Africa Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230.

Investment Assistance—The Office of International Investment of the Bureau of International Commerce assists American businessmen who wish to investigate specific investment opportunities announced in *International Commerce* or who wish to locate projects in suitable foreign countries.

DEPARTMENT OF COMMERCE PUBLICATIONS:

Trade Lists—$1 per list. Each list contains names, addresses, and brief descriptions of foreign firms (manufacturers, exporters, importers, distributors, agents, etc.) handling a specific commodity or performing a certain service in a particular country. Each list includes a summary of useful market data. These lists may be obtained from the Commercial Intelligence Division, Bureau of International Commerce, U.S. Department of Commerce, Washington, D.C. 20230, or from any Department Field Office.

World Trade Directory Reports—$1 each. Each report contains detailed commercial and sales information on a specific foreign firm to provide a basis for determining the firm's competence and reliability. Information includes data as to type of organization, method of operation, lines handled, size, capitalization, sales volume, names of officers, reputation, representatives in the United States and U.S. lines represented (if any) as well as sources of credit information and other references. Available from the Bureau of International Commerce, Commercial Intelligence Division, U.S. Department of Commerce, Washington, D.C. 20230, or from any of the Department's Field Offices.

International Commerce—The Commerce Department's weekly news magazine for businessmen interested in trade and investment abroad. This magazine reports on general economic conditions in countries around the world and on changes in U.S. Government and foreign government regulations affecting trade and investment. Each issue contains, in addition, specific trade leads and scheduled arrival dates and U.S. addresses of foreign buyers and sellers, gathered through the facilities of the U.S. Foreign Service. The subscription price is $16 a year; make remittances payable to the Superintendent of Documents, and mail to the nearest Department Field Office or to the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Checklist: Bureau of International Commerce International Business Publications.—Lists current reports in the Overseas Business Reports (formerly World Trade Information Service) series, the special supplements to *International Commerce*, and other international business publications of the Department of Commerce, including all those concerning East Africa. Free. Order from the Sales and Distribution Section, U.S. Department of Commerce, Washington, D.C. 20230.

What You Should Know About Exporting—A how-to-get-started-in-exporting handbook. Gives full information on Commerce Department services to exporters as well as on private business aids to marketing abroad. Available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Price, 25 cents.

DEPARTMENT OF AGRICULTURE

Information on agricultural commodities, livestock, and agricultural development programs is available from the Foreign Agricultural Service of the U.S. Department of Agriculture, Washington, D.C.

The Department prepares periodically numerous informative pamphlets, an excellent example of which is the recent publication entitled, "The Agricultural Economy of Tanganyika" (ERS-Foreign-92).

THE EXPORT-IMPORT BANK

This U.S. Government agency is designed to assist in the promotion of exports by financing specific transactions, by guaranteeing loans made by commercial banks and by underwriting export credit insurance. For more information, consult your commercial bank or write directly to the Export-Import Bank of Washington, 811 Vermont Avenue, NW., Washington, D.C. 20571.

AGENCY FOR INTERNATIONAL DEVELOPMENT

The Agency for International Development (AID) administers the U.S. foreign economic assistance program, a substantial part of which is in the form of development loans. In addition, AID provides development grants and technical assistance to many less developed countries. Its financing activities also include investment guarantees and investment surveys. Procurement opportunities through AID programs are announced routinely through Small Business Circulars, classified according to industry and available

on request from the Agency for International Development, Washington, D.C. 20523.

Application for loans in East Africa should go either to the AID mission in the specific country, or to the Office of Development Finance and Private Enterprise, Agency for International Development, Washington, D.C. 20523, which also administers the investment guarantee programs.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Contracts for equipment and services paid for by IBRD (World Bank) funds generally are required to be open for international bidding. Procurement is possible in any member country but Switzerland. Information on procurement requirements is contained in a release, *Guidelines Relating to Procurement Under World Bank Loans and IDA Credits*, available from the International Bank for Reconstruction and Development, 1818 H Street, N.W., Washington, D.C.

OTHER AIDS

Credit information on firms in East Africa is available to the U.S. exporter from several sources. A most readily available source is the exporter's local bank. Two U.S. banks, the Chase Manhattan and the Bank of America, have correspondents among the licensed banks operating in East Africa and can obtain information for their customers through these correspondents.

The African-American Chamber of Commerce, Inc. at 99 Church Street, New York, New York, is another possible source of information.

The National Foreign Trade Council in New York has a nationwide membership of companies engaged in foreign trade and other business operations abroad. This organization provides information and consultative services to members. The Chamber of Commerce of the United States has a Foreign Commerce Department which also may be helpful.

APPENDIX E

Notes for Businessmen

BUSINESS CORRESPONDENCE

Business correspondence is normally conducted by air mail. It takes approximately five days to a week for a letter to reach its final destination in East Africa. Use of surface mail is not recommended owing to the long delay involved. In general, post office boxes are much more reliable than street addresses when writing business firms. Cables are frequently used on appropriate occasions. Telegraph service to all parts of the world is good. Telephone service is available throughout East Africa, except between the United States and Zanzibar. English is the usual language of correspondence. East Africa uses the British system of weights and measures.

BUSINESS HOURS

Business establishments and government offices in East Africa are generally open from 8:00 to 1:00 in the morning and 2:00 to 5:00 in the afternoon, Monday through Friday. Most offices and places of business also keep hours Saturday mornings. The Tanganyika Government remains open from 7:30 a.m. to 2:30 p.m. daily, 7:30 a.m. until 12:30 p.m. Saturday.

HEALTH REGULATIONS AND PRECAUTIONS

All persons traveling to East Africa must have been vaccinated against smallpox and inoculated against yellow fever and carry International Yellow Fever and Smallpox certificates. Typhoid, tetanus, typhus, plague and diptheria inoculations are recommended, as well as use of a prophylactic against malaria.

PASSPORT AND VISA REQUIREMENTS

Although Kenya, Uganda, and Tanzania maintain separate control over immigration, similar legislation is in force in all three countries, and valid U.S. passports are required. Americans are also required to have visas to visit Kenya and Uganda and an entry permit for the Zanzibar portion of Tanzania. Visas for Kenya are issued by the Kenyan Embassy in Washington and by the Principal Immigration Officer at Nairobi. Visas for Uganda may be obtained from the Uganda Mission to the United Nations. Single visit tourist entry permits for Zanzibar may be obtained directly from the Tanzania Friendship Tourist Bureau in Zanzibar, its affiliates in Dar es Salaam or Nairobi, or the Deputy Principal Immigration Officer of Zanzibar. Visas to Kenya and Uganda may provide for a single or multiple entry into that country as specified in the visa. These two countries require that a commercial traveler have a letter of recommendation from the company which he represents. No visa is required of Americans visiting mainland Tanzania temporarily on business or pleasure. All

three countries require visas for Americans who desire to reside there.

CURRENCY REGULATIONS

At the present time all of East Africa uses the same currency, the East African shilling (one shilling worth U.S. $0.14). In line with the British monetary system, twenty shillings equal one pound or U.S.$2.80. However, for values below one shilling, the decimal system is used. The shilling is divided into 100 cents. There are copper coins of five and ten cents and nickel coins of fifty cents and one shilling. Paper money comes in notes of 5, 10, 20, and 100 shillings.

In the summer of 1966 the three countries comprising East Africa plan to establish separate currencies. However, it is their intention to maintain the new systems at par with the British pound and to have complete convertibility between the three countries and other fourth countries.

INTERNAL TRANSPORT

Buses and taxis serve the residential areas of the cities, but the schedules are such that they may not be considered a reliable means of transportation for either business or recreational purposes. Private cars are available for hire in the main commercial centers, with or without chauffeur. Railway service is available only between the large cities of East Africa. The service resembles in style and comfort that found in most places in Europe. East African Airways operates regular flights to most towns of commercial significance.

LODGING

Hotel accommodations in East Africa are often difficult to obtain and reservations should therefore be made well in advance. Hotels in the principal towns approach the standards of first-rate American hotels as regards cleanliness, service and comfort. This is not true for smaller towns where alternative accommodations do not exist.

In the cities the average single with bath (including breakfast) costs from $9 to $12 per day. Rates in the smaller towns are somewhat less. The minimum price of dinner at a hotel is about $2.

CLIMATE

The East African climate includes a tropical coastal strip with a hot rainy season from October to May and a warm dry season from June to September; a temperate zone covering most of Kenya and the highland area of Tanzania where days are warm and nights cool, rainy reasons falling in November/December and March/May; a warm, mild, moderately rainy region found primarily in the central plateau of Uganda.

CLOTHING

In East Africa the altitude determines the weight of clothing that is worn. In the coastal area tropical-weight clothing is worn throughout the year, while in the higher regions wool jackets are worn in the cool evenings. A raincoat is essential. Clothing should be of a washable material, as dry cleaning facilities are found only in the cities.

Daytime dress for men is quite informal. Clothing suitable for the average American office would be appropriate office wear in Nairobi. In the evening light rayon and tropical worsted suits are appropriate at the coast, and white dinner jackets and light weight tuxedo trousers are worn on formal occasions. In Nairobi medium weight duck is preferable and dark dinner jackets sometimes are worn in place of white.

In women's wear, simple, light-colored cotton dresses or silk or rayon are acceptable in the coastal cities, whereas sweaters and wool dresses are suitable for the cool evenings in the higher regions. Skirts and blouses are usually worn in the evenings near the coast. Hats and gloves are worn only on the most formal occasions, when a formal dress would also be appropriate.

ELECTRICAL CURRENT

Electrical current is 240-volt, 50-cycle, AC single phase, and 425-volt, 50-cycle, AC three phase.

NATIONAL HOLIDAYS

Kenya: January 1st, New Year's Day; Good Friday; Easter Monday; May 1st, Labor Day; May 24th, Commonwealth Day; June 1st, Madaraka Day; August 2nd, Bank Holiday; October 20th, Kenyatta Day; December 12th, Independence Day; December 25th, Christmas Day; December 26th, Boxing Day.

Uganda: January 1st, New Year's Day; Good Friday; Easter Monday; May 1st, Labor Day; July 11th, National Day; October 9th, Independence Day; December 25th, Christmas Day; December 26th, Boxing Day.

Tanzania: January 1st, New Year's Day; January 12th, Zanzibar Revolutionary Day; Id El Fitr; Id El Haj; Good Friday; Easter Monday; April 26th, Union Day; May 1st, International Workers Day; July 7th, Saba Saba Day; December 9th, Tanganyika Independence and Republic Day; December 25th, Christmas Day; December 26th, Boxing Day.

U.S. GOVERNMENT REPRESENTATION

The American Embassies and Consulate General listed below are important sources of information and contacts for all U.S. business interests in East Africa.

Each Post has a commercial library and the Embassy at Nairobi also has a Sample Display Service.

The economic sections of the Embassies are responsible for the promotion and protection of U.S. business interests in their respective countries. The Commercial Officer at Nairobi and the Economic Officers in the other Embassies and Consulate are responsible for carrying out the programs and objectives of the U.S. Department of Commerce.

Kenya—American Embassy
P.O. Box 30137
Cotts House on Wabera Street
Nairobi, Kenya
Telephone: 27631-27639

U.S. Commercial Office
Commerce House
Government Road
Nairobi, Kenya
Telephone: 27648

Uganda—American Embassy
Embassy House, 9-11 Obote Avenue
Kampala, Uganda
Telephone: 54451

Tanzania—American Embassy
Standard Bank Building on City Drive
Dar es Salaam, Tanzania

American Consulate General
P.O. Box 4
85 At Tuzumgumzeni
Zanzibar, Tanzania

BANKING FACILITIES

Two American Banks maintain ties with Banks in East Africa. The Bank of America is associated with the Commercial Bank of Africa; the Chase Manhattan Bank is associated with the Standard Bank, Ltd. Both the Commercial Bank of Africa and the Standard Bank have branches throughout Africa.

APPENDIX F

Bibliography

A National Cash Crops Policy for Kenya. Nairobi: Government of Kenya, May 1963.

African Socialism and its Application to Planning in Kenya. Nairobi: Government of Kenya, 1965.

Agricultural Economy of Tanganyika. ERS-Foreign 92. Washington, D.C.: U.S. Department of Agriculture, September 1964.

Annual Economic Review of East Africa. The Standard Bank Ltd., August 1965.

Annual Statistical Abstracts. Governments of Kenya, Uganda, and Tanzania.

Annual Trade Reports of Tanganyika, Uganda, and Kenya. East African Customs and Excise, East African Common Services Organization (EACSO), Mombasa, Kenya.

Association of East African Industries Industrial Index and Members List. Association of East African Industries, Nairobi, Kenya.

Background to the Budget 1965-66. Entebbe: Ministry of Finance, Statistics Division, Government of Uganda, May 1965.

Budget Survey 1956-66. Dar es Salaam: Government of Tanzania, 1965.

Census of Large-Scale Commercial Farming in Tanganyika. Dar es Salaam: Central Statistical Bureau, Government of Tanganyika, October 1962.

"Dar es Salaam, the Port and its Tributary Area," William A. Hance and Irene S. van Dongen. Reprint from *Annals of the Association of American Geographers,* Vol. 48, No. 4, December 1958.

Development Plan 1964-1970. Nairobi: Government of Kenya, 1964.

East Africa Exports—monthly publication of Association of East African Industries, Nairobi, Kenya.

"East African Economic Integration," Joseph S. Nye, Jr. *Journal of Modern African Studies,* Vol. 1, No. 4, December 1963.

East African Trade and Industry—monthly publication of Association of East African Industries, Nairobi, Kenya.

Economic and Statistical Review—quarterly publication of East African Statistical Department, EACSO, Nairobi, Kenya.

Economic Development of Kenya, International Bank for Reconstruction and Development (IBRD). Baltimore: Johns Hopkins Press, 1963.

Economic Development of Tanganyika, IBRD. Baltimore: Johns Hopkins Press, 1961.

Economic Development of Uganda, IBRD. Baltimore: Johns Hopkins Press, 1962.

Economic Survey 1965. Nairobi: Government of Kenya, 1965.

Employment and Earnings in Tanganyika 1964. Dar es Salaam: Central Statistical Bureau, Government of Tanzania, April 1965.

Enterprise in East Africa. Jinja, Uganda: The Madhvani Group of Companies, 1964.

First Five-Year Development Plan 1961/62-1965/66. Entebbe: Government of Uganda, 1963.

Geography of Modern Africa, William A. Hance. New York: Columbia University Press, 1964.

High-Level Manpower Requirements and Resources in Kenya 1964-70. Nairobi: Ministry of Economic Planning and Development, Government of Kenya, May 1965.

Industrial Directory of Tanzania—1965. Dar es Salaam: Ministry of Industries, Mineral Resources and Power, Government of Tanzania.

Industry in East Africa 1964-65. Nairobi: United Africa Press, 1965.

Investment Opportunities in Tanganyika. Economist Intelligence Unit for the Government of Tanzania, 1965.

Kenya, An Economic Survey. London: Barclays Bank DCO, 1961.

Kenya Census of Industrial Production 1963. Nairobi: Ministry of Economic Planning and Development, Statistics Division, Government of Kenya, 1965.

Kenya Census of Manufacturing 1961. Nairobi: Ministry of Finance and Economic Planning, Economic and Statistics Division, Government of Kenya, 1963.

Kenya Economic Review—monthly publication of Kenya Chamber of Commerce and Industry, Nairobi, Kenya.

"Mombasa in the Land and Sea Exchanges of East Africa," William A. Hance and Irene S. van Dongen. Reprint from *Archives for Economic Geography,* Vol. XVII, No. 1/2, July 1963. (Bonn, Germany).

Nairobi Chamber of Commerce List of Members and Classified Index, June 30, 1964. Nairobi Chamber of Commerce, Nairobi, Kenya.

National Accounts of Tanganyika 1960-62. Dar es Salaam: Central Statistical Bureau, Government of Tanzania, May 1964.

Pattern of Income, Expenditure and Consumption of African Middle Income Workers in Nairobi July 1963. Nairobi: Ministry of Finance and Economic Planning, Directorate of Planning, Government of Kenya, July 1964.

Public Finance in Tanganyika: An Analysis. Dar es Salaam: East African Statistical Department, EACSO, 1959.

Report of the ECA Industrial Co-ordination Mission to East and Central Africa. E/CN.14/217, 21 December 1963. Economic Commission for Africa, Addis Ababa, Ethiopia.

Report of the Economic and Fiscal Commission to East Africa. Cmnd 1279, 1961.

Reported Employment and Earnings in Kenya 1962. Nairobi: Ministry of Finance and Economic Planning, Economic and Statistics Division, Government of Kenya, 1963.

Spear—bi-monthly journal of East Africa Railways and Harbours, Nairobi, Kenya.

Survey of Distribution 1960. Nairobi: Ministry of Finance and Economic Planning, Economic and Statistics Division, Government of Kenya, 1963.

Tanganyika, An Economic Survey. London: Barclays Bank DCO, 1963.

Tanganyika Industrial Development. Arthur D. Little Inc., 1961.

Tanganyika Five-Year Plan for Economic and Social Development 1st July 1964 - 30th June 1969. Dar es Salaam: Government of Tanzania, 1964.

Tanzania Trade Journal. Quarterly publication of the Ministry of Industries, Mineral Resources and Power, Government of Tanzania.

Trade and Commerce Index. Annual publication of East Africa Directory Company Ltd., Nairobi, Kenya.

Uganda, An Economic Survey. London: Barclays Bank DCO, 1964.

Uganda Development Corporation Limited: A Handbook of the Corporation and its Subsidiary and Associated Companies. UDC. Kampala, Uganda.

Uganda, the Background to Investment. Economist Intelligence Unit for the Government of Uganda. 1962.

Wholesale and Retail Trade in Tanganyika: A Study of Distribution in East Africa. H. C. G. Hawkins. Economist Intelligence Unit. New York: Frederick A. Praeger, 1965.

Tables

Table 1. Trade Totals, Kenya, 1960-64
[Thousands of dollars]

Item	1960	1961	1962	1963	1964
Imports					
From Uganda and Tanganyika	19,586	19,586	20,549	25,656	31,791
Net imports from rest of world	196,193	193,024	194,583	206,326	214,466
Total	215,779	212,610	215,132	231,982	246,257
Exports					
To Uganda and Tanganyika	38,559	44,654	48,496	55,415	72,464
Domestic exports to rest of world	98,535	98,913	106,156	122,730	131,922
Reexports	14,017	17,690	20,258	20,012	18,015
Total	151,111	161,257	174,910	198,157	222,401
Balance	—64,668	—51,353	—40,222	—33,825	—23,856

Source: East African Statistical Department, EACSO, *Economic and Statistical Review* No. 15, June 1965 (hereafter cited as *Economic and Statistical Review* No. 15) Nairobi, Kenya, p. 34.

Notes: Net imports consist of direct imports (goods entered at the time of importation for consumption or warehouseing in Kenya, Uganda, or Tanganyika, including goods subsequently reexported) plus net interterritorial transfers (goods originating outside East Africa consigned without change of form from one East African territory to another).

Interterritorial trade means duty-free transfer of goods originating in one East African territory to another East African territory.

Table 2. Trade Totals, Uganda, 1960-64
[Thousands of dollars]

Item	1960	1961	1962	1963	1964
Imports					
From Kenya and Tanganyika	18,516	20,824	21,672	27,812	38,086
Net imports from rest of world	72,884	74,329	73,377	86,582	91,860
Total	91,400	95,153	95,049	114,394	129,946
Exports					
To Kenya and Tanganyika	18,743	19,194	19,751	23,075	27,014
Domestic exports to rest of world	116,446	109,746	105,378	114,130	180,404
Reexports	3,746	5,774	4,288	8,464	5,642
Total	138,935	134,714	129,417	145,669	213,060
Balance	+47,535	+39,561	+34,368	+31,275	+83,114

Source: *Economic and Statistical Review* No. 15, p. 35.
Notes: See Table 1.

General Notes:

Dollar figures wherever shown are based on a conversion from East African pounds at the rate of £1=$2.80.

In some tables individual figures do not add to totals because of rounding.

Unless otherwise stated, figures do not include data for Zanzibar.

Table 3. Trade Totals, Tanganyika, 1960-64

[Thousands of dollars]

Item	1960	1961	1962	1963	1964
Imports					
From Kenya and Uganda	25,710	29,694	32,718	34,602	43,966
Net imports from rest of world	105,888	111,121	111,487	113,170	123,127
Total	131,598	140,815	144,205	147,772	167,093
Exports					
To Kenya and Uganda	6,507	6,252	6,695	9,584	14,367
Domestic exports to rest of world	153,504	136,268	143,410	178,156	196,314
Reexports	4,892	5,463	6,535	4,438	3,648
Total	164,903	147,983	156,640	192,178	214,329
Balance	+33,305	+7,168	+12,435	+44,406	+47,236

Source: *Economic and Statistical Review* No. 15, p. 34.
Notes: See Table 1.

Table 4. Trade Totals, East Africa, 1960-64

[Thousands of dollars]

Item	1960	1961	1962	1963	1964
Imports					
Commercial	350,067	338,190	345,853	383,824	387,036
Government	24,872	40,267	33,580	22,145	42,081
Gold	25	19	14	109	336
Total	374,964	378,476	379,447	406,078	429,453
Exports					
Domestic	364,711	340,992	351,061	441,109	504,946
Reexports	22,655	29,204	36,078	32,914	27,303
Gold	3,774	3,937	3,884	3,906	3,690
Total	391,140	374,133	391,023	477,929	535,939
Balance	+16,176	−4,343	+11,576	+71,851	+106,486

Source: *Economic and Statistical Review* No. 15, p. 14.

Table 5. Trade Totals, Zanzibar, 1960-64

[Thousands of dollars]

Item	1960	1961	1962	1963	1964
Imports					
Commercial	14,003	14,532	14,162	14,302	9,646
Government	627	804	650	692	868
Gold	39	39	81	70	6
Total	14,669	15,375	14,893	15,064	10,520
Exports					
Domestic	13,353	9,951	8,907	12,012	9,075
Reexports	2,366	2,372	3,746	2,369	2,338
Total	15,719	12,323	12,653	14,381	11,413
Balance	+1,050	−3,052	−2,240	−683	+893

Source: *Economic and Statistical Review* No. 15, p. 36.
Note: Exports of gold nil.

COLLEGE DORMITORIES on the Nairobi, Kenya, campus of the East African University. The University has branches throughout East Africa.

Table 6. East African Imports, by Principal Suppliers, 1962-64

[Value in millions of dollars; share in percent of total]

Supplier	1962		1963		1964	
	Value	Share	Value	Share	Value	Share
United Kingdom	128.1	33.8	131.5	32.4	137.9	32.1
Japan	41.6	10.9	53.2	13.1	54.2	12.6
West Germany	21.9	5.8	27.7	6.8	37.9	8.8
U.S.A.	26.4	6.9	18.8	4.6	25.0	5.8
India	17.9	4.7	19.3	4.8	17.9	4.2
Kuwait	(1)	(1)	(1)	(1)	14.1	3.3
Netherlands	13.2	3.5	11.3	2.8	12.5	2.9
France	9.9	2.6	12.5	3.1	12.3	2.9
Iran	27.0	7.1	25.7	6.3	12.3	2.9
Italy	9.9	2.6	12.6	3.1	11.4	2.7
Belgium	4.7	1.3	5.7	1.4	6.4	1.5
Hong Kong	6.5	1.7	7.7	1.9	6.4	1.5
Pakistan	2.9	.8	4.4	1.1	5.9	1.4
Sweden	3.7	1.0	4.5	1.1	5.6	1.3
Australia	4.2	1.1	3.7	.9	4.0	.9
Bahrein	3.8	1.0	5.6	1.4	1.3	.3
South Africa	11.4	3.0	8.1	2.0	.1	.0
Other	46.4	12.2	54.1	13.2	64.3	14.9
Total	379.5	100.0	406.1	100.0	429.5	100.0

[1] Import figures from Kuwait for 1962 and 1963 are not specified. Kuwait became a major exporter to East Africa in 1964 when the oil refinery opened in Mombasa, Kenya, and began importing crude petroleum.

Sources: *Economic and Statistical Review* No. 9, December 1963, p. 22; No. 13, December 1964, p. 20; No. 14, March 1965, p. 20.

Table 7. East African Exports, by Principal Buyers, 1962-64

[Value in millions of dollars; share in percent of total]

Buyer	1962		1963		1964	
	Value	Share	Value	Share	Value	Share
United Kingdom	100.8	28.4	116.2	26.1	110.6	21.8
U.S.A.	50.7	14.3	59.4	13.3	80.9	15.9
West Germany	38.9	11.0	44.0	9.9	48.4	9.5
India	25.8	7.3	17.4	3.9	28.8	5.7
China	(1)	(1)	22.7	5.1	(1)	(1)
Netherlands	15.1	4.2	19.3	4.3	23.8	4.7
Hong Kong	12.3	3.4	19.6	4.4	19.6	3.9
Belgium	(1)	(1)	(1)	(1)	17.4	3.4
Italy	10.4	2.9	15.1	3.4	(1)	(1)
Japan	10.1	2.9	(1)	(1)	17.1	3.4
Other	91.0	25.6	131.3	29.6	161.6	31.7
Total	355.1	100.0	445.0	100.0	508.2	100.0

[1] Export figures to China for 1962 and 1964, to Belgium for 1962 and 1963, to Italy for 1964, and to Japan for 1963 are not specified.

Sources: *Economic and Statistical Review* No. 9, p. 25; No. 13, p. 23; No. 14, p. 23.

Table 8. U.S. Share of East African Trade, by Country, in Amount and Percent of Total, 1960-64

[Thousands of dollars]

Country	1960	1961	1962	1963	1964
Imports [1]					
Kenya, total	196,193	193,024	194,583	206,326	214,466
U.S. share, amount	11,810	11,714	15,940	11,200	13,544
U.S. share, percent	6.0	6.1	8.2	5.4	6.3
Uganda, total	72,884	74,329	73,377	86,582	91,860
U.S. share, amount	2,092	2,008	2,758	3,287	3,842
U.S. share, percent	2.9	2.7	3.8	3.8	4.2
Tanganyika, total	105,888	111,121	111,488	113,170	123,127
U.S. share, amount	(2)	(2)	7,666	4,284	7,650
U.S. share, percent	(2)	(2)	6.9	3.8	6.2
East Africa, total	374,965	378,473	379,448	406,078	429,453
U.S. share, amount	(2)	(2)	26,365	18,771	25,038
U.S. share, percent	(2)	(2)	6.9	4.6	5.8
Exports [3]					
Kenya, total	98,535	98,913	106,156	122,730	131,922
U.S. share, amount	11,038	14,050	10,511	8,568	13,311
U.S. share, percent	11.2	14.2	9.9	7.0	10.1
Uganda, total	116,446	109,746	105,378	144,130	180,404
U.S. share, amount	17,844	15,893	28,095	38,685	51,069
U.S. share, percent	15.3	14.5	26.7	26.8	28.3
Tanganyika, total	153,504	136,268	143,410	178,156	196,314
U.S. share, amount	(2)	13,415	12,009	12,079	16,635
U.S. share, percent	(2)	9.8	8.4	6.8	8.5
East Africa, total	368,486	344,926	355,009	444,808	508,640
U.S. share, amount	(2)	43,358	50,616	59,332	81,018
U.S. share, percent	(2)	12.6	14.3	13.3	15.9

[1] Net domestic imports, excluding interterritorial trade.

[2] Data are not available.

[3] Excludes reexports and interterritorial trade.

Sources: East African Customs and Excise, EACSO, *Annual Trade Report of Tanganyika, Uganda, and Kenya*, 1964, Mombasa, Kenya. *Economic and Statistical Review* No. 9, p. 22; No. 13, p. 20; No. 14, p. 20. Economics and Statistics Division, Ministry of Finance and Economic Planning, Government of Kenya, *Statistical Abstract 1964*, Nairobi, Kenya, 1964. Statistics Division, Ministry of Planning and Community Development, *1964 Statistical Abstract*, Entebbe, Uganda, January 1965.

AFRICAN CRAFTS: Vendors sell wood carvings from sidewalk stands in Mombasso, Kenya. These items sell fast to the many tourists who visit East Africa.

Table 9. East African Imports by SITC Section and Principal Suppliers, 1962-64

[Thousands of dollars]

Imports by SITC Section [1]	1962	1963	1964
Food and live animals	34,490	25,172	26,922
United Kingdom	6,899	6,423	4,701
Netherlands	2,610	3,063	3,466
U.S.A.	10,906	2,237	2,282
Beverages and tobacco	3,637	3,346	3,749
United Kingdom	1,761	1,291	1,699
France	616	596	658
Italy	179	238	176
U.S.A.	176	325	414
Crude materials, inedible, except fuels	3,906	3,948	5,821
United Kingdom	442	535	725
Italy	274	356	778
Pakistan	238	258	498
Japan	73	120	302
India	137	171	266
U.S.A	104	76	137
Mineral fuels, lubricants and related materials	40,155	40,642	36,288
Iran	26,880	25,520	12,082
Bahrein	3,822	564	1,302
Kuwait	(2)	(2)	14,120
U.S.A.	2,027	1,128	1,613
Animal and vegetable oils and fats	4,558	3,539	3,651
Netherlands	1,044	1,014	232
Australia	336	462	944
U.S.A.	333	73	148
Chemicals	27,191	30,554	35,773
United Kingdom	13,588	15,702	17,584
West Germany	3,164	3,906	5,510
Netherlands	1,823	2,008	2,694
U.S.A.	1,828	1,865	2,250
Manufactured goods classified chiefly by material	119,073	133,586	130,556
Japan	34,017	41,882	40,933
United Kingdom	33,995	31,455	28,333
India	15,000	15,932	14,552
West Germany	5,222	6,964	5,925
U.S.A.	1,884	2,430	5,460
Machinery and transport equipment	100,503	111,748	138,968
United Kingdom	59,293	63,204	73,839
West Germany	11,010	14,036	23,517
France	5,519	7,792	7,644
Japan	3,265	6,009	8,548
U.S.A.	6,784	7,328	9,363
Miscellaneous manufactured articles	29,498	35,112	33,914
United Kingdom	10,223	10,914	11,320
Hong Kong	4,396	5,695	4,746
Japan	3,903	4,673	3,766
U.S.A.	2,318	3,338	3,357
Miscellaneous transactions and commodities, n.e.s.[3]	16,632	18,435	18,819
United Kingdom	28	134	745
U.S.A.	3	3	3

[1] SITC means Standard International Trade Classification. It is a numerical index to commodities, developed by the Department of Economic and Social Affairs of the United Nations.

[2] See Table 6, Note 1.

[3] Mainly consists of parcel post entries which are not classified by country of origin.

Sources: East African Customs and Excise, EACSO, *Annual Trade Report of Tanganyika, Uganda, and Kenya*, 1964, Mombasa, Kenya. *Economic and Statistical Review* No. 9, p. 22 and No. 13, p. 20.

Table 10. Estimated Population by Race and Territory, 1963

[Thousands of persons]

Country	Race						
	African	Non-African					Total
		European	Indo-Pakistani	Arab	Other	Total	
Kenya	8,575	53	180	35	4	272	8,847
Uganda	7,093	10	82	2	3	97	7,190
Tanganyika	9,656	21	90	25	5	142	9,798
Zanzibar	299 [1]	1	20	(1)	0.4	21	319
East Africa	(2)			(2)			26,154

[1] Because of the large number of Arabs indigenous to Zanzibar, they are counted with the African population and are thus shown above.

[2] No breakdown by race is available for East Africa as a whole, due to the differences in counting procedure between Zanzibar and the other territories.

Source: *Economic and Statistical Review* No. 15, pp. 4 and 5.

Note: Estimated population growth rates: Kenya—3% per annum, Uganda—2½% per annum, Tanganyika—2% per annum.

Table 11. African Employment by Industry, 1961

[Thousands of persons]

Industry	Kenya	Uganda	Tangan-yika	East Africa
Private Sector				
Agriculture, forestry, and fishing	250	47	179	476
Mining and quarrying	4	5	10	19
Manufactures and repairs	36	26	17	82
Electric power, light and water supply	2		2	
Building and construction	15	9	13	37
Commerce	26	10	12	49
Transport and communications	11	3	6	19
Other services	41	26	21	86
Total	384	126	260	769
Public Sector				
All Public Services	146	95	92	333
Grand Total	529	221	352	1,102

Source: *Economic and Statistical Review* No. 15, p. 50.

Notes: Statistics represent total number of African employees reported as working on date of count. Total number of gainfully employed may vary considerably, due to seasonal fluctuations and inadequacies in the reporting procedure.

Coverages differ; domestic servants are included in Kenya but not in Uganda and Tanganyika.

Public services include central governments, EACSO, and local governments as variously defined in the three territories.

U.S. CORN: U.S. agricultural products go to East Africa, under the provisions of Public Law 480, in times of bad harvest.

Table 12. Production of Principal Industries as Shown by 1964 Interterritorial Exports and Number of Productive Plants for Various Years

[Interterritorial exports in thousands of dollars; plants by number]

Interterritorial exports by SITC section [3]	Interterritorial exports			Product	Plants		
	Kenya	Uganda	Tanganyika		Kenya 1957	Uganda 1957	Tanganyika 1960
0 FOOD AND LIVE ANIMALS	16,722	8,683	3,704				
Meat and meat preparations	974	202	246	Meat products	12	(1)	3
Fish, fresh, chilled, or frozen	(2)	112	(2)	Fish	(1)	2	1
Milk and cream, fresh	325	(2)	(2)	Dairy products	18	6	14
Butter and ghee	1,327	(2)	199				
Wheat and meslin, unmilled	2,699	50	3				
Maize and millet, unmilled	(2)	456	325				
Rice	524	(2)	647				
Meal and flour of wheat, meslin, or maize	3,385	(2)	70	Grain milling	53	186	1,362
Biscuits	459	246	(2)	Bakery products	48	21	86
Fruits and vegetables, fresh and preserved	1,336	185	1,086	Canned fruits and vegetables	4	(1)	8
Raw sugar, beet and cane	403	5,544	14	Sugar refining (and fats processing)	12	20	66
Sugar confectionery and sugar preparations	(2)	339	143	Confectionery	7	3	9
Natural honey	(2)	(2)	81				
Coffee, roasted, incl. ground	227	(2)	(2)	Coffee processing	7	53	146
Tea	1,036	132	168	Tea packing	(1)	5	19
Feedstuff for animals	582	188	118				
Margarine and shortening	(2)	955	(2)				
				Miscellaneous food industries	(1)	2	7
				Miscellaneous crop processing	(1)	(1)	98
1 BEVERAGES AND TOBACCO	8,422	4,074	1,190				
Beer	2,691	90	(2)	Beer	13	2	2
				Carbonated beverages	31	20	58
Tobacco, unmanufactured	409	1,977	801	Tobacco	1	1	(1)
Cigarettes and other manufactured tobacco	5,113	1,982	325				
2 CRUDE MATERIALS, INEDIBLE	526	482	1,033				
Hides, skins and furs, undressed	(2)	137	(2)	Leather and goods	7	1	45
Oilseeds, oilnuts and oil kernels	(2)	(2)	490				
Wood and timber	(2)	126	224	Sawn timber	75	24	103
				Cotton ginning	(1)	92	43
3 MINERAL FUELS, LUBRICANTS, AND RELATED MATERIALS	7,258	1,137	39				
Electric energy	(2)	1,137	39	Electricity	10	8	35
Motor spirit, excluding aviation spirit	2,173	(2)	(2)				
Jet fuel	258	(2)	(2)				
Illuminating kerosene	874	(2)	(2)				
Distillate fuels, heavy	820	(2)	(2)				
Distillate fuels, light	1,660	(2)	(2)				
Residual fuel oils	1,249	(2)	(2)				
4 ANIMAL AND VEGETABLE OILS AND FATS	361	2,383	1,616				
Cottonseed oil	185	2,338	557	Vegetable oil processing	(1)	40	96
Coconut (copra) oil	157	(2)	932				
Groundnut oil	(2)	42	(2)				
5 CHEMICALS	8,473	1,476	221				
Prepared paints, enamels, varnishes, etc	1,070	(2)	176				
Flavor materials, concentrates, and essences	319	(2)	(2)				
Perfumery, cosmetics, dentifrices, etc	767	(2)	(2)				
Soaps and surface-acting agents, etc	3,889	1,277	(2)	Soap	18	43	56
Polishes, pastes, etc	367	(2)	(2)				
Insecticides, fungicides, disinfectants, etc	1,184	(2)	(2)				
				Pharmaceuticals	(1)	1	1
				Other chemical products	32	2	9
6 MANUFACTURED GOODS	17,654	8,400	4,796				
Bicycle tires	638	(2)	(2)				
Plywood (including veneered panels)	(2)	(2)	216				
Paperbags, paperboard, boxes, etc	1,532	(2)	(2)	Paper bags and boxes	6	(1)	(1)
Boxes, cases, crates of wood	(2)	118	(2)				
Exercise books, registers, albums, etc	655	(2)	(2)				
Cotton fabrics, woven	518	6,311	770	Textiles and clothing	82	2	6
Fabrics of synthetic fibers	224	(2)	325				

Table 12. Production of Principal Industries as Shown by 1964 Interterritorial Exports and Number of Productive Plants for Various Years—continued

[Interterritorial exports in thousands of dollars; plants by number]

Interterritorial exports by SITC section [3]	Interterritorial exports			Product	Plants		
	Kenya	Uganda	Tanganyika		Kenya 1957	Uganda 1957	Tanganyika 1960
6 MANUFACTURED GOODS—continued							
Cordage, rope, twine of sisal	(2)	151	(2)	Sisal, kapok, jute, coir processing	3	2	257
Sisal bags and sacks	1,389	(2)	(2)				
Blankets and traveling rugs	596	(2)	790				
Cement	2,472	440	(2)	Clay and concrete products	20	30	32
Glassware	465	(2)	(2)	Cement and other mineral products	19	2	(1)
Bars, rods, sections, etc. of iron and steel	(2)	818	(2)				
Corrugated plates and sheets of iron and steel	2,246	(2)	888	Metal products	71	12	6
Circles of aluminum and aluminum alloys	286	(2)	487				
Coils of aluminum and aluminum alloys	(2)	(2)	577				
Steel doors and windows, including frames	952	(2)	(2)				
Other structural parts of iron and steel	580	(2)	(2)				
Enameled holloware, n.e.s.	(2)	238	(2)				
Metal containers for storage and transport	507	(2)	64				
Nails, tacks, staples, etc.	459	(2)	(2)				
Aluminum ware, domestic	1,128	(2)	(2)				
				Miscellaneous manufacturing	22	5	(1)
7 MACHINERY AND TRANSPORT EQUIPMENT	504	49	20				
				Machinery, including repair	42	49	83
				Shipbuilding and rolling stock repair	9	(1)	24
				Truck box bodies	16	6	(1)
				Vehicle repair	156	104	277
				Retreading tires	7	5	6
8 MISCELLANEOUS MANUFACTURED ARTICLES	12,205	308	1,697				
Furniture	1,112	(2)	(2)	Joinery	33	57	394
				Furniture	107	68	(1)
Clothing	5,608	87	470	Clothing and textiles	82	2	6
Footwear	3,914	148	1,011	Shoes	(1)	(1)	124
Printed matter	588	(2)	(2)	Printing and publishing	47	(1)	(1)
9 COMMODITIES AND TRANSACTIONS	342	17	22				

[1] No figures available. [2] No interterritorial exports recorded. [3] See Table 9, Note 1.

Sources: Productive Industry: William A. Hance, *The Geography of Modern Africa*, New York, Columbia University Press, 1964, p. 424. Interterritorial Exports: *Economic and Statistical Review* No. 15, pp. 31-33.

Notes: The bases used for enumerating manufacturing establishments in East Africa vary significantly from one country to the next, and these data give only a rough indication of the state of industrial development. Tanganyika's figures particularly include many small-scale processing facilities which probably should not be classified as factories.

Totals for each category of interterritorial exports appear greater than column sums because miscellaneous items of export have not been listed.

GIRAFFES: One of the many varieties of wildlife that can be seen in East Africa's game parks.

Table 13. Gross Domestic Product, by Industrial Sector, 1960-64

[Millions of dollars]

Industrial sector	1960	1961	1962	1963	1964[1]
Primary industries	858.5	860.4	930.2	1030.4	1107.4
Manufacturing and construction	147.0	156.8	160.7	162.4	175.3
Trade and transport	275.2	281.1	293.2	324.5	349.7
Services	105.8	108.4	109.2	118.4	132.4
Rents (including ownership of dwellings)	56.3	55.7	58.2	63.3	66.1
General government	132.7	146.4	154.6	170.2	196.8
East Africa, total	1575.6	1608.9	1706.0	1869.3	2030.3
Percent growth	6.1	2.1	6.7	8.8	8.6

[1] Provisional.

Sources: *Economic and Statistical Review* No. 15, p. 101.

Government of Kenya, *Economic Survey 1965*, Nairobi, Kenya, 1965.

Statistics Division, Ministry of Finance, Uganda Government, *Background to the Budget 1965-66*, Entebbe, Uganda, May 1965.

Government of Tanzania, *Budget Survey 1965-66*, Dar es Salaam, Tanzania, 1965.

Notes: Primary industries include agriculture, livestock, forestry, fishing and hunting, and mining and quarrying; of the total value of primary production, slightly over one-half is attributed to the productive activity of peasants for their own consumption.

Public utilities are included with manufacturing and construction; services include banking, insurance and real estate, and miscellaneous services.

Table 14. Gross Domestic Product, by Country, 1960-64

[Millions of dollars]

Country	1960	1961	1962	1963	1964[1]
Kenya	631.4	629.6	683.5	725.5	777.6
Uganda	425.9	437.9	438.8	493.1	568.4
Tanzania	518.3	541.8	584.0	650.4	688.4

[1] Provisional.

Sources: Same as for Table 13.

Notes: See Table 13.

Table 15. East African Exports, by Commodities, 1962-64

[Millions of dollars]

Commodity	1962	1963	1964
Coffee, not roasted	104.4	126.0	173.0
Sisal fiber and tow	56.3	84.6	78.1
Cotton, raw	45.1	71.4	73.9
Tea	24.6	26.0	27.4
Diamonds[1]	15.1	14.0	19.0
Copper and alloys, unwrought	11.5	11.2	18.5
Meat and meat preparations	14.3	12.9	12.3
Hides and skins, undressed	11.2	10.9	10.4
Cashew nuts, raw and kernels	6.7	6.4	10.1
Oilseeds, oil nuts, and oil kernels	8.1	12.3	10.1
Feedstuff for animals	5.6	8.4	9.0
Pyrethrum extract	8.4	8.7	7.8
Pyrethrum flowers and powder	1.1	1.4	.8
Beans, peas, lentils, etc., dry	2.8	5.9	5.9
Residual fuel oils[2]	(3)	(3)	5.0
Wattle bark extract	3.1	2.8	3.9
Wattle bark	.6	.6	.6
Gold	3.9	3.9	3.6
Cement	1.4	1.4	2.5
Wood and timber	1.4	1.4	2.5
Pineapples, tinned	2.0	2.2	2.5
Butter, including ghee	2.5	2.5	2.2
Sodium carbonate (soda ash)	3.4	3.4	2.0
Maize, unmilled	3.1	4.8	2.0
Wool, sheep's and lamb's	1.4	1.7	1.4
Cassava roots	(3)	(3)	1.4
All other commodities	16.8	21.0	23.0
Total	355.0	445.2	508.8

[1] Provisional value.

[2] Production of petroleum products in Kenya commenced during the latter part of 1963.

[3] Export figures not specified.

Sources: *Economic and Statistical Review* No. 9, December 1963, p. 23; No. 13, December 1964, p. 21; No. 14, March 1965, p. 21.

Table 16. Gross Capital Formation, by Sector of Economy, 1957-63

[Millions of dollars]

Sector	1957	1958	1959	1960	1961	1962	1963
Government	98.4	85.2	83.8	84.9	91.0	80.0	68.0
Private	154.0	145.5	137.9	148.9	121.2	127.4	137.7
East Africa, total	252.4	230.7	221.7	233.8	212.2	207.4	205.7
As percent of gross domestic production	18	16	15	15	13	12	11

Sources: U.S. Agency for International Development, Washington, D.C.

Government of Kenya, *Economic Survey 1965*, Nairobi, Kenya, 1965.

Statistics Division, Ministry of Finance, Uganda Government. *Background to the Budget 1965-66*, Entebbe, Uganda, May 1965.

Government of Tanzania, *Budget Survey 1965-66*, Dar es Salaam, Tanzania, 1965.

Note: Gross capital formation is a measurement at current market prices of expenditures on fixed assets which represent a gross addition to the stock of capital of the economy. Expenditures subject to detailed control by a legislature are classed as Government; all others, including those of financially independent public institutions, are classed as private.

Table 17. Gross Capital Formation, by Country, 1960-64

[Millions of dollars]

Country	1960	1961	1962	1963	1964 [1]
Kenya	115.9	89.3	93.2	85.1	91.8
Uganda	52.1	50.4	49.6	56.3	68.0
Tanzania	(2)	74.2	68.3	68.6	85.7

[1] Provisional.
[2] Figures not available.
Sources: Same as for Table 16.

SISAL FLOWER as it looks when ready for harvest. Mainland Tanzania is the principal producer of sisal.

Table 18. External Aid Totals

[Disbursements in millions of dollars]

Item	FY 1963		FY 1964		FY 1965	
	Grants	Loans	Grants	Loans	Grants	Loans
U.K. Government						
Recurrent costs:						
Special budget assistance	(1)	(1)	(1)	(1)	3.5	(1)
Famine relief	2.9	.7	(1)	(1)	(1)	(1)
Defense	13.9	(1)	6.9	(1)	10.7	(1)
OSAS—Overseas additions and allowances	14.2	(1)	11.1	(1)	16.4	(1)
OSAS—Compensation	9.0	5.1	17.5	13.8	12.9	10.5
OSAS—Commutation	.3	3.7	.9	5.7	.6	5.2
Development costs:						
CD&W and budget grants	28.2	(1)	20.1	(1)	17.0	(1)
Exchequer and Commonwealth Assistance Loans	(1)	16.2	(1)	20.3	(1)	35.2
Capital aid to EACSO, UDC, other Parastatal	.8	11.8	.6	6.3	.6	(1)
Technical assistance	1.8	(1)	3.1	(1)	3.1	(1)
U.K. Government, total	71.1	37.5	60.2	46.1	64.8	50.9
U.K. private grants and loans	1.3	(1)	1.8	.1	2.5	.6
Other Commonwealth aid	1.4	(1)	1.4	(1)	1.6	(1)
Contractor finance	(1)	4.0	(1)	.8	(1)	1.1
IBRD	(1)	3.4	(1)	3.3	(1)	1.0
IDA	(1)	(1)	(1)	.5	(1)	9.8
UN Special Fund	.5	(1)	2.1	(1)	2.1	(1)
EPTA, UNESCO, FAO, etc.	2.0	(1)	2.2	(1)	2.3	(1)
UNHCR (refugees)	.1	(1)	.1	(1)	1.0	(1)
West Germany	.3	2.5	1.6	4.4	3.7	8.8
Israel	.4	(1)	.6	.1	1.0	2.5
Miscellaneous non-bloc	.5	(1)	.6	(1)	2.0	(1)
Bloc	.3	(1)	1.4	(1)	11.1	9.5
U.S. Government, AID	5.6	1.1	8.7	1.1	9.3	10.9
U.S. Government, Public Law 480	4.6	(1)	1.2	(1)	1.4	(1)
U.S. private	1.6	(1)	1.9	(1)	1.9	(1)
TOTAL	89.7	48.5	83.8	56.4	104.7	95.1

[1] No figure given.

Source: U.S. Agency for International Development, Washington, D. C.

Notes: Fiscal years run from July 1 of previous year to June 30 of year cited.

Figures include aid to national governments (excluding Zanzibar) as well as to regional institutions. Non-budgetary assistance in form of grants for technical goods and services is estimated at slightly less than one-fourth of the total. Slightly more than half of UK Government assistance is directed toward non-developmental costs, i.e., expatriate officer compensation and land settlement schemes. The great percentage of new foreign assistance will be tied to imports.

Agencies and organizations represented by initials in table are as follows: OSAS—Overseas Services Aid Scheme: CD&W—Commonwealth Development and Welfare; EACSO—East African Common Services Organization; UDC—Uganda Development Corporation; IBRD—International Bank for Reconstruction and Development (World Bank); IDA—International Development Association; EPTA—Expanded Program of Technical Assistance; UNESCO—United Nations Educational, Scientific, and Cultural Organization; FAO—Food and Agricultural Organization; UNHCR—United Nations High Commission for Refugees.

Table 19. Assistance Programs, U.S. Agency for International Development

[Millions of dollars]

Item	Kenya	Uganda	Tanzania	East Africa
		Fiscal Year 1964		
Loans	(1)	2.2	2.2	1.5
Grants	3.3	3.9	0.4	2.0
Total	3.3	6.1	2.6	3.5
		Fiscal year 1965		
Loans	0.6	(1)	0.2	(1)
Grants	3.7	2.0	2.0	2.3
Total	4.3	2.0	2.2	2.3
		Fiscal year 1966		
Loans	(2)	(2)	(2)	(2)
Grants	3.4	2.5	2.4	2.7
Total	(2)	(2)	(2)	(2)

[1] No loans extended.

[2] No figures available.

Source: U.S. Agency for International Development, Washington, D. C.

Notes: Fiscal years run from July 1 of previous to June 30 of year cited.

East Africa column shows figures for a separate U.S. Agency for International Development program for projects of a regional nature, not totals.

Table 20. Value of Net Imports by Product Category, Country Totals, 1964

[Thousands of dollars]

Category	Kenya	Uganda	Tanganyika
FOOD AND FOOD PRODUCTS; BEVERAGES; TOBACCO			
Ale, beer, cider and stout	326	62	130
Biscuits	84	16	50
Brandy, gin, geneva, whisky, rum, etc.	830	257	320
Cheese and curd	24	25	47
Cereal preparations	160	40	56
Coffee concentrates, etc.	190	43	90
Confectionery	752	265	496
Fish and fish preparations	418	52	517
Fruit, fresh and preserved, and fruit juices	638	186	288
Liqueurs and mixed potable spirits	35	8	11
Maize, maize meal, and maize flour	34	28	479
Malt and malt flour	520	259	96
Margarine, imitation lard and other prepared edible fats, n.e.s.[1]	29	150	746
Meat and meat preparations	137	33	178
Milk and cream	836	602	2,458
Rice	139	752	5
Salt	43	521	80
Sauces and mixed seasonings	46	16	33
Sugar, refined (excluding syrups)	4,884	23	25
Tea	4,668	56	1
Tobacco, manufactured (including cigarettes and cigars)	558	74	80

Table 20. Value of Net Imports by Product Category, Country Totals, 1964—continued

[Thousands of dollars]

Category	Kenya	Uganda	Tanganyika
FOOD AND FOOD PRODUCTS; BEVERAGES; TOBACCO—con.			
Tobacco, unmanufactured	356	(2)	(2)
Vegetables, fresh and preserved	715	252	477
Wheat, wheat meal, and wheat flour	65	63	262
Wines	304	165	207
DOMESTIC APPLIANCES AND HOUSEHOLD SUPPLIES			
Brooms and brushes	110	46	97
Clocks and parts	98	55	63
Cookers, hotplates, etc. (includes stoves)	125	105	85
Cutlery	233	159	214
Electric fans	35	18	90
Electric lamps	221	93	97
Furniture, metal and wood	478	226	260
Glass tableware	362	183	180
Household utensils (including hollowware)	508	226	429
Lawnmowers	81	29	14
Matches	283	323	241
Phonographs	102	49	42
Phonograph records and tapes	153	31	33
Pottery household ware	141	302	208
Radios	1,551	2,186	1,719
Refrigerators	500	157	440
Sewing machines, household	91	323	259
Soaps and cleaners	1,015	741	698
Stoves (nonelectric) and heaters (paraffin-burners)	213	106	224
Tape recorders	286	113	147
Television sets	81	69	2
Washing machines	52	24	28
MEDICAL AND PHARMACEUTICAL EQUIPMENT AND SUPPLIES			
Antibiotics	209	80	232
Bacterial products, sera, and vaccine	292	59	76
Bandages	175	78	186
Medical equipment, electrical and radiological apparatus	70	32	29
Medical instruments, n.e.s.[1]	204	78	139
Medicaments	3,213	1,533	1,813
RECREATIONAL SUPPLIES			
Books and pamphlets	616	396	622
Cinematographic film, developed	647	555	138
Indoor toys	260	139	148
Photographic and cinematographic equipment and supplies	16,689	545	564
Sporting goods	150	53	75
CLOTHING AND FOOTWEAR; PERSONAL ACCESSORIES AND TOILETRIES			
Clothing accessories of textiles	317	290	217
Footwear	562	507	587
Outer garments (other than shirts)	594	436	566
Perfumes and cosmetics	533	350	487
Shirts	605	1,295	1,288
Smallware and toilet articles (including razor blades)	292	182	228
Stockings and hose	203	224	250
Travel goods, handbags, etc.	408	230	408
Undergarments and nightwear	60	80	77
Used clothing	1,127	477	286
Watches	79	77	65

Table 20. Value of Net Imports by Product Category, Country Totals, 1964—continued

[Thousands of dollars]

Category	Kenya	Uganda	Tanganyika
TEXTILE GOODS			
Blankets and traveling rugs	1,050	658	641
Cordage rope and twine (including fish netting)	469	533	725
Cotton fabric, bleached	765	317	587
Cotton fabric, dyed in the piece	2,442	1,887	4,068
Cotton fabric, grey	1,649	1,097	1,118
Cotton fabric, printed	1,880	1,296	5,824
Cotton fabric, woven of colored yarns	120	655	659
Cotton yarn and thread	451	289	917
Household linens	953	272	1,200
Jute bagging and sacking in the piece	356	414	338
Jute bags and sacks	1,087	1,240	1,957
Synthetic fabrics, dyed in the piece	2,824	2,174	2,369
Synthetic fabrics, printed	2,727	2,981	2,129
Woolen fabrics	407	328	167
Yarn and threads of synthetic fibers	990	94	930
Yarn and threads of wool and animal hair	198	31	32
PAPER AND PAPERBOARD PRODUCTS; PACKAGING MATERIALS; OFFICE SUPPLIES			
Bags, boxes, and other containers of paper	291	82	56
Boxes, cases, crates of wood	315	49	103
Glass containers	243	69	68
Kraft paper and Kraft paperboard	2,268	32	89
Mach'ne-made paper and paperboard, n.e.s.[1]	959	86	162
Meta. commercial containers for transport of goods	410	86	38
Other office and stationery supplies	286	129	167
Pens, pencils, and fountain pens	290	226	192
Plastic and cellophane containers	179	21	25
Printing and writing paper (including newsprint)	2,388	475	70
Stationery goods of paper and paperboard	401	240	439
AGRICULTURAL EQUIPMENT AND SUPPLIES			
Agricultural handtools	500	736	658
Agricultural machinery, n.e.s.[1]	277	266	468
Coffee cleaning, grading, and sorting machines	124	156	55
Dairy-farm equipment	371	5	21
Fencing wire and grill, netting, etc. of wire	753	249	325
Fertilizers, manufactured	3,723	836	1,234
Food-processing machines	246	23	84
Hand plows	74	34	78
Insecticides, fungicides, disinfectants, and similar preparations	2,719	492	1,017
Other agricultural machinery for preparing and cultivating soil	618	291	425
Other harvesting, threshing, and sorting equipment	279	106	136
Sisal machinery	139	3	671
Sugar machinery	4,680	1,972	370
Tea machinery	147	164	162
Wheeled tractors and parts	3,417	1,697	3,070
BUILDING MATERIALS			
Clay construction materials and refractory construction materials	178	166	216
Finished structural parts, metal	78	217	1,245
Glass	221	114	134

Table 20. Value of Net Imports by Product Category, Country Totals, 1964—continued

[Thousands of dollars]

Category	Kenya	Uganda	Tanganyika
BUILDING MATERIALS—con.			
Hardware	401	153	247
Insulated wire and cable	600	524	436
Iron and steel bars, rods, angles, shapes and sections	1,715	611	1,078
Iron and steel universals, plates and sheets	6,275	1,305	3,406
Iron and steel wire	777	108	79
Lime, cement and similar fabricated building materials	263	233	350
Paints, varnishes, dyestuffs, and related materials	1,041	1,249	581
Plastic materials, regenerated cellulose and artificial resins	1,455	380	793
Plywood	225	67	62
Sanitary and plumbing fixtures	366	208	346
Tubes, pipes and fittings of iron and steel	1,273	745	2,186
INDUSTRIAL MACHINERY AND EQUIPMENT			
Air-conditioning machines	125	21	316
Ball roller or needle-roller bearings	322	89	119
Dry cell batteries	841	384	653
Electrical apparatus for making and breaking or for protecting electrical circuits	529	530	552
Electrical generators and alternators, converters and transformers	442	244	789
Electric motors	133	150	177
Excavating, boring, leveling, etc. machinery	1,594	717	1,315
Machine tools	1,356	334	240
Mechanical handling equipment	684	244	440
Office machinery	1,752	427	491
Other metalworking machinery	388	300	235
Power-generating machinery, non-electric (excluding aircraft and motor vehicle engines and parts)	916	354	945
Printing and bookbinding machinery	655	282	325
Pumps and centrifuges	714	382	616
Scientific instruments	968	338	407
Sewing machines, industrial, and parts	2	639	621
Taps, cocks, valves, and similar appliances	217	57	136
Textile machinery	912	1,414	345
TRANSPORT EQUIPMENT AND PARTS			
Aircraft, airships, balloons and parts	2,864	64	31
Aircraft engines and parts	2,710	22	130
Bicycles and parts	880	1,132	1,449
Bodies and parts for motor vehicles other than motorcycles and tractors	4,036	2,148	2,771
Buses	106	27	114
Lorries and trucks	2,519	2,131	3,005
Motorcycles, sidecars, etc. and parts	195	269	216
Motor vehicle batteries	206	258	256
Motor vehicle engines and parts	10	38	63
Other chassis with engines mounted	3,304	2,264	3,089
Parts of railway locomotives and rolling stock	1,254	104	379
Passenger motorcars	7,901	4,446	3,809
Railway freight and maintenance cars	2,104	42	30
Railway locomotives	3,389	17	55
Rubber tires, motor vehicle	1,287	1,702	1,635

Table 20. Value of Net Imports by Product Category, Country Totals, 1964—continued

[Thousands of dollars]

Category	Kenya	Uganda	Tanganyika
FUELS, LUBRICANTS AND CHEMICALS			
Aviation spirit	714	363	231
Chemical elements and compounds	2,048	859	713
Coal, coke and briquettes	624	32	31
Distillate fuels and residual fuel oils	1,185	781	1,932
Jet fuel	840	404	136
Kerosene	441	366	1,055
Lubricating greases and oils	1,362	614	950
Motor spirit	374	1,182	1,812
Petroleum, crude and partly refined	20,366	(2)	(2)

[1] Not elsewhere specified.

[2] No imports recorded.

Source: East African Customs and Excise, EACSO, *Annual Trade Report of Tanganyika, Uganda, and Kenya*, 1964, Mombasa, Kenya.

Note: Net imports (for definition see Note to Table 1) do not include interterritorial trade.

COMMERCIAL PUBLICATIONS, U.S. Commercial Office library, Nairobi. Other U.S. Commercial Offices in East Africa also maintain libraries that are open to the local business community.

Table 21. Production and Sales of Electricity, 1946, 1960, and 1964

[Millions of kilowatt-hours]

Year	Kenya			Uganda		Tanganyika			
	Generated	Imported	Local Sales	Generated	Exported	Local Sales	Generated	Exported	Local Sales
1946	44.9	(1)	34.5	4.6	(1)	3.6	23.6	(1)	19.3
1960	221.3	181.2	335.8	396.5	160.1	202.4	154.8	24.9	111.3
1964	323.2	180.3	425.7	520.6	182.5	290.9	192.7	6.1	161.8

[1] No figures recorded.

Source: *Economic and Statistical Review* No. 15, pp. 58-60.

Note: Power station use and transmission losses account for differences between apparent supply and local sales.

Table 22. East African Railways and Harbors—Commercial Traffic Handled, 1960-64

Type of Traffic	1960	1961	1962	1963	1964
Goods handled at wharves					
Imports, thousand tons[1]	2,732	2,895	2,970	3,147	3,634
Exports, do	2,019	1,990	2,030	2,292	2,757
Goods carried, million ton/miles[2]	1,850.3	1,831.8	1,886.2	1,980.5	1,954.9
Passenger journeys, thousand	5,352	5,128	4,560	4,578	4,281

[1] Harbor tons, a unit calculated from a combination of long tons (2240 pounds) and freight tons (40 cubic feet). The conversion factor used to compare these two types of tonnage is one freight ton equals 4/7 of a long ton.

[2] Units of measure are long tons (2240 pounds) and miles (5280 feet).

Source: *Economic and Statistical Review* No. 15, p. 40.

Table 23. East African Airways Corporation—Commercial Traffic Handled, 1960-64

Type of Traffic	1960	1961	1962	1963	1964
Passengers, thousands	149.4	173.8	188.2	229.7	236.4
Cargo, tons[1]	2,893	3,421	3,435	4,022	4,852
Mail, do	735	818	890	1,014	1,133

[1] Short tons (2000 pounds).

Source: *Economic and Statistical Review* No. 15, p. 45.

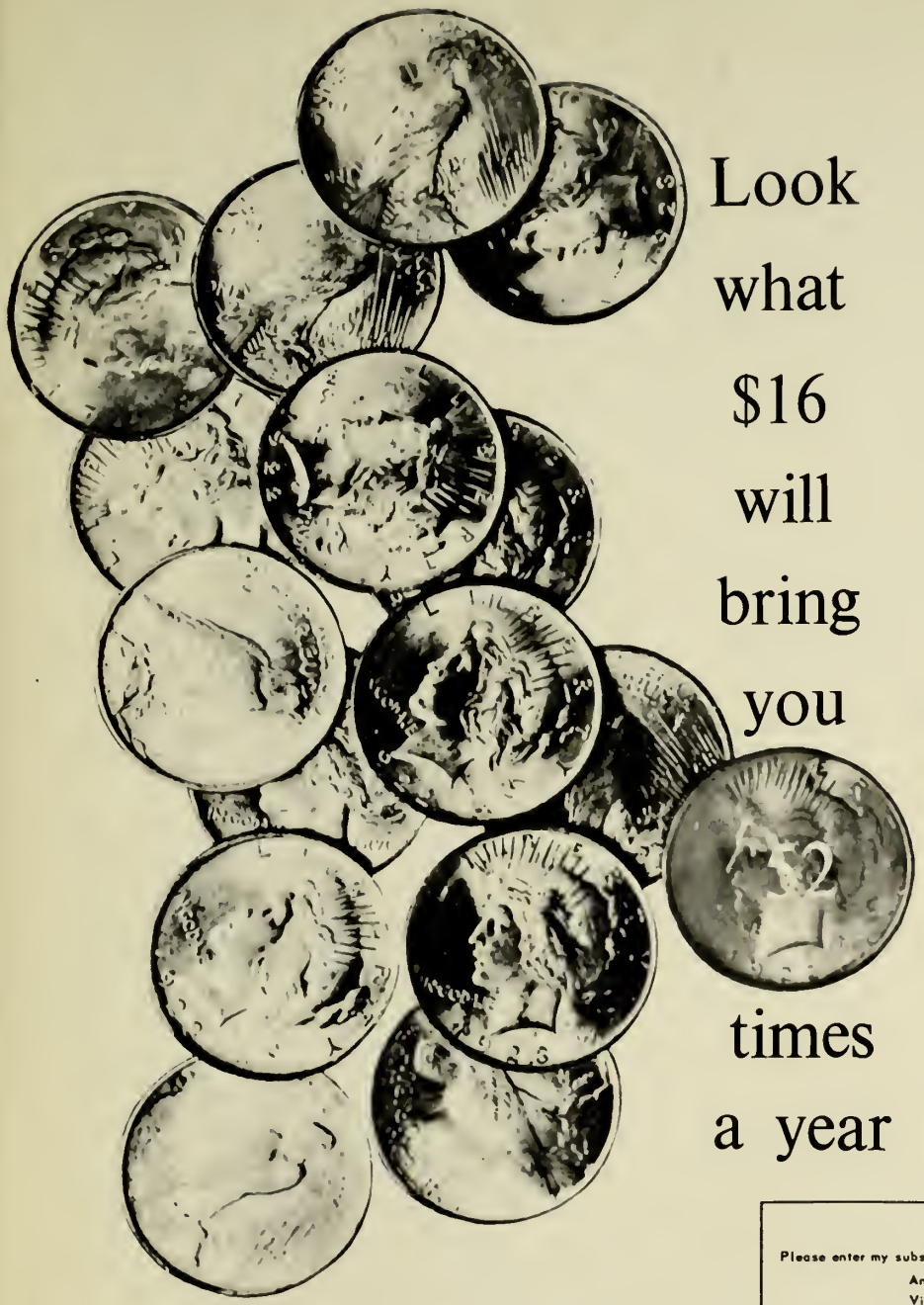
MARKET SERIES

This publication is one of a series of market studies prepared by the Bureau of International Commerce, U.S. Department of Commerce. These studies provide a current evaluation of the nature and scope of a country's market, describing the present import pattern, distribution facilities, and trade practices, and analyze the market for selected commodities.

Other titles in the series include:

- ☐ *AFRICA: SALES FRONTIER FOR U.S. BUSINESS.* 1963. 121 pp. $1.
- ☐ *BELGIUM, A MARKET FOR U.S. PRODUCTS.* 1963. 60 pp. 45¢.
- ☐ *TRADE AND INVEST IN CENTRAL AMERICA.* 1965. 60¢.
- ☐ *HONG KONG, A MARKET FOR U.S. PRODUCTS.* 1964. 122 pp. $1.
- ☐ *IRAN, MARKET FOR U.S. PRODUCTS.* 1966. 50 pp. 50¢.
- ☐ *IVORY COAST, MARKET FOR U.S. PRODUCTS.* 1966. 88 pp. 65¢.
- ☐ *KUWAIT, A MARKET FOR U.S. PRODUCTS.* 1963. 22 pp. 25¢.
- ☐ *LIBERIA, A MARKET FOR U.S. PRODUCTS.* 1965. 40 pp. 35¢.
- ☐ *LIBYA, A MARKET FOR U.S. PRODUCTS.* 1962. 65 pp. 50¢.
- ☐ *MOROCCO, A MARKET FOR U.S. PRODUCTS.* 1964. 64 pp. 40¢.
- ☐ *NIGERIA, A MARKET FOR U.S. PRODUCTS.* 1964. 72 pp. 50¢.
- ☐ *PERU, A MARKET FOR U.S. PRODUCTS.* 1961. 62 pp. 40¢.
- ☐ *PHILIPPINES, A MARKET FOR U.S. PRODUCTS.* 1965. 76 pp. 55¢.
- ☐ *SAUDI ARABIA, A MARKET FOR U.S. PRODUCTS.* 1962. 44 pp. 40¢.
- ☐ *SUDAN, A MARKET FOR U.S. PRODUCTS.* 1962. 47 pp. 40¢.
- ☐ *THAILAND, MARKET FOR U.S. PRODUCTS.* 1962. 92 pp. 55¢.
- ☐ *VENEZUELA, A MARKET FOR U.S. PRODUCTS.* 1964. 65 pp. 50¢.
- ☐ *CHILE, MARKET FOR U.S. PRODUCTS.* Scheduled for publication in 1966.
- ☐ *MEXICO, MARKET FOR U.S. PRODUCTS.* Scheduled for publication in 1966.

Copies of these publications may be obtained from any Department of Commerce field office, or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D. C., 20402. Make check or money order payable to the Superintendent of Documents.



Look what $16 will bring you 12 times a year

1. Business Bulletins
2. Worldwide news for the international trader
3. Trade Mission reports
4. Worldwide Business reports
5. News of Trade Fairs, and Centers
6. Pertinent Foreign Government actions
7. U.S. Government Action
8. Investment Opportunities
9. World Trade Opportunities
10. Leads for importers
11. International representation
12. Visiting Buyers
13. Leads for exporters
14. Construction projects
15. Books and reports
16. Calendar for traders

International Commerce

Subscription Form

Please enter my subscription to *International Commerce*.

Annual subscription, $16.00
Via domestic airmail, $25.00 additional
Foreign mailing, $5 additional

NAME _____

ADDRESS _____

CITY _____ STATE _____

Mail to Superintendent of Documents, U.S. Government Printing Office, Washington, D.C., 20402. Enclose check or money order Payable to the Superintendent of Documents.

U. S. DEPARTMENT OF COMMERCE FIELD OFFICES
PROVIDE READY ACCESS TO COMMERCE SERVICES

● The Department of Commerce maintains Field Offices in the cities listed below for the purpose of providing ready access to the reports, publications, and services of the Business and Defense Services Administration, Bureau of International Commerce, Clearinghouse for Federal Scientific and Technical Information, Office of Business Economics, and the Bureau of the Census. Information on activities of the National Bureau of Standards, Patent Office, and the Economic Development Administration is also available.

● Experienced personnel will gladly assist in the solution of specific problems, explain the scope and meaning of regulations administered by the Department, and provide practical assistance in the broad field of domestic and foreign commerce. Field offices act as official sales agents of the Superintendent of Documents and stock a wide range of official Government publications relating to business. Each office maintains an extensive business reference library containing periodicals, directories, publications, and reports from official as well as private sources.

● Approximately 600 Chambers of Commerce, Manufacturers Associations, and similar business groups are official Cooperative Offices of the Department where many of the basic publications and reports of the Department are on file and available for consultation. If specific information is not on hand in the Cooperative Office, your problem will be referred to the nearest Department field office.

● These facilities have been established to assist you. You are invited to use them.

FOREIGN TRADE

Tariff Rates of Foreign Countries on Specific American Products
Regulations Bearing on the Control of Exchange Abroad
Administration of Regulations Imposing Import Quotas and the Details of Import Licensing Procedures in Overseas Markets
Facts on Economic and Trade Conditions
Business Information on Foreign Firms
Documentation of Export and Import Shipments, Both Here and Abroad
Statistical Data on Both Imported and Exported Products
Assistance on Export Regulations and Problems, Including Prompt Special Service in Emergency Situations
Trade Investment and Licensing Opportunities
Foreign Lists of Buyers and Suppliers

DOMESTIC TRADE

Population Count and Characteristics
Housing Statistics
Detailed Agricultural Data on County Basis
Retail, Wholesale and Service Business
Estimates on Population Movements
National Income Statistics
Regional Trends in United States Economy
Biennial Volume on Business Statistics
Current Releases and Business Indicators
Research Sources on Market Potentials
Development and Maintenance of Markets
Reports on Governmental and Private Technical Research
Regional and Community Development Techniques
Information on Government Procurement, Sales and Contracts

Department Field Offices

Albuquerque, N. Mex., 87101, U.S. Courthouse. 247-0311.
Anchorage, Alaska, 99501, 306 Loussac-Sogn Building. Phone: 272-6331.
Atlanta, Ga., 30303, 75 Forsyth Street, N.W. 526-6000.
Baltimore, Md., 21202, 305 U.S. Customhouse, Gay and Lombard Streets. Phone: PLaza 2-8460.
Birmingham, Ala., 35205, Suite 200-201, 908 South 20th Street. Phone: 325-3327.
Boston, Mass., 02110, Room 230, 80 Federal Street. CApitol 3-2312.
Buffalo, N.Y., 14203, 504 Federal Building, 117 Ellicott Street. Phone: 842-3208.
Charleston, S.C., 29403, Federal Building, Suite 631, 334 Meeting Street. Phone: 747-4171.
Charleston, W. Va., 25301, 3002 New Federal Office Building, 500 Quarrier Street. Phone: 343-6196.
Cheyenne, Wyo., 82001, 6022 Federal Building, 2120 Capitol Avenue. Phone: 634-5920.
Chicago, Ill., 60604, 1486 New Federal Building, 219 South Dearborn Street. Phone: 828-4400.
Cincinnati, Ohio, 45202, 8028 Federal Office Building, 550 Main Street. Phone: 684-2944.
Cleveland, Ohio, 44101, 4th Floor, Federal Reserve Bank Bldg., East 6th St. & Superior Ave. Phone: 241-7900.
Dallas, Tex., 75202, Room 1200, 1114 Commerce Street. RIverside 9-3287.
Denver, Colo., 80202, 16407 Federal Building, 20th and Stout Street. Phone: 297-3246.
Des Moines, Iowa, 50309, 1216 Paramount Building, 509 Grand Avenue. Phone: 284-4222.
Detroit, Mich., 48226, 445 Federal Bldg. 226-6088.
Greensboro, N.C., 27402, 412 U.S. Post Office Building. Phone: 275-9111.
Hartford, Conn., 06103, 18 Asylum St. Phone: 244-3530.
Honolulu, Hawaii, 96813, 202 International Savings Bldg., 1022 Bethel Street. Phone: 588977.
Houston, Tex., 77002, 5102 Federal Bldg., 515 Rusk Ave. Phone: 228-0611.
Jacksonville, Fla., 32202, 512 Greenleaf Building, 208 Laura Street. Phone: 354-7111.
Kansas City, Mo., 64106, Room 2011, 911 Walnut Street. FRanklin 4-3141.
Los Angeles, Calif., 90015, Room 450, Western Pacific Building, 1031 S. Broadway. Phone: 688-2833.
Memphis, Tenn., 38103, 345 Federal Office Building, 167 North Main Street. Phone: 534-3214.
Miami, Fla., 33130, 928 Federal Office Bldg., 51 S.W. First Avenue. Phone: 350-5267
Milwaukee, Wis., 53203, Straus Bldg., 238 W. Wisconsin Avenue. Phone: BR 2-8600.
Minneapolis, Minn., 55401, 306 Federal Building, 110 South Fourth Street. Phone: 334-2133.
New Orleans, La., 70130, 909 Federal Office Building (South), 610 South Street. Phone: 527-6546.
New York, N.Y., 10001, 61st Fl., Empire State Bldg., 350 Fifth Avenue. LOngacre 3-3377.
Philadelphia, Pa., 19107, Jefferson Building, 1015 Chestnut Street. Phone: 597-2850.
Phoenix, Ariz., 85025, 5413 New Federal Building, 230 N. First Avenue. Phone: 261-3285.
Pittsburgh, Pa., 15222, Room 2201, Federal Building, 1000 Liberty Avenue. Phone: 644-2850.
Portland, Oreg., 97204, 217 Old U. S. Courthouse, 520 S. W. Morrison Street. Phone: 226-3361.
Reno, Nev., 89502, 2028 Federal Building, 300 Booth Street. Phone: 784-5203.
Richmond, Va., 23240, 2105 Federal Building, 400 North 8th Street. Phone: 649-3611.
St. Louis, Mo., 63103, 2511 Federal Building, 1520 Market Street. MAin 2-4243.
Salt Lake City, Utah, 84111, 3235 Federal Building, 125 South State Street. Phone: 524-5116.
San Francisco, Calif., 94102, Federal Building, Box 36013. 450 Golden Gate Avenue. Phone: 556-5864.
Santurce, Puerto Rico, 00907, Room 628, 605 Condado Avenue. Phone: 723-4640.
Savannah, Ga., 31402, 235 U. S. Courthouse and Post Office Bldg., 125-29 Bull Street. Phone: 232-4321.
Seattle, Wash., 98104, 809 Federal Office Bldg., 909 First Avenue. 583-5615.

BUREAU OF INTERNATIONAL EXPOSITIONS

PENN STATE UNIVERSITY LIBRARIES
A00007128859

$18 OVERSEAS BUSINESS

U. S. DEPARTMENT OF COMMERCE, John T. Connor, Secretary
BUREAU OF INTERNATIONAL COMMERCE, Lawrence A. Fox, Director

Basic authoritative information for exporters, importers, investors, manufacturers, researchers and everyone concerned with international trade and world economic conditions. Approximately 100 titles annually.

now only $13

For use of Supt. Docs.	

To: Superintendent of Documents,
Government Printing Office,
Washington, D.C. 20402

or

Any U.S. Department of Commerce Field Office

Enclosed find $ _____ (check or money order). Please enter my subscription to **OVERSEAS BUSINESS REPORTS.**

Annual subscription, $13.00.
Foreign mailing, $5.00 additional.

Name_____

Address_____

City, State, & Zip Code_____